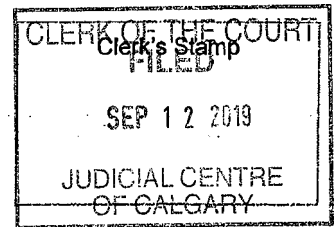


COURT FILE NUMBER **1901-04336**
COURT Court of Queen's Bench of Alberta
JUDICIAL CENTRE Calgary
PLAINTIFF **MAYNBRIDGE CAPITAL INC.**



DEFENDANTS **GENCO HOLDINGS LTD., GENCO (WALDEN) LTD.,
PALI BEDI, TARLOK TATLA, JASBIR HANS, SOLO
LIQUOR HOLDINGS LTD and SOLO LIQUOR
STORES LTD.**

DOCUMENT **APPLICATION (Walton Sale Approval)**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT **Fasken Martineau DuMoulin LLP**
Barristers and Solicitors
3400 First Canadian Centre
350 – 7 Avenue SW
Calgary, Alberta T2P 3N9

Attention: Travis Lysak / Mihai Tomos
Tel: (403) 261- 5350 / (587) 233 4107
Facsimile: (403) 261- 5351
File No.: 303718.3

NOTICE TO RESPONDENT(S): SEE SERVICE LIST

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

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

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

Date: September 20, 2019

Time: 10:00 a.m.

Where: Calgary Court Centre, 601 - 5 Street S.W., Calgary, Alberta, T2P 5P7

Before Whom: The Honourable Justice J.T. Eamon

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

Remedy claimed or sought:

1. An Order (Walden Sale Approval), substantially in the form attached as **Schedule “A”**, ordering, *inter alia*:
 - (a) the approval of the Receiver’s activities as set forth in the Third Report of the Receiver dated September 12, 2019 (the “**Third Report**”);
 - (b) the approval of the agreement of purchase and sale between G&E Vending Ltd. and the Receiver dated August 30, 2019 (the “**Purchase Agreement**”); and
 - (c) the approval of the Walden Distribution, as described in the Third Report.
2. A Sealing Order, substantially in the form attached as **Schedule “B”**, ordering the sealing of the Confidential Supplement to the Third Report of the Receiver dated September 12, 2019 (the “**Confidential Supplement**”).

Grounds for making this application:

The grounds for making this application are set out more fully in the Third Report, but can be summarized as follows:

(A) Background

3. Any capitalized term not defined in the Application shall take the meaning ascribed to it in the Third Report.
4. Pursuant to an Order of the Honourable Justice P.R. Jeffrey granted on March 22, 2019 and an Order of the Honourable Justice B.E.C. Romaine granted on April 5, 2019 and (collectively, the “**Receivership Order**”), Ernst & Young Inc. was appointed receiver (the “**Receiver**”), without security, of certain of Genco Holdings Ltd. and Genco (Walden) Ltd.’s (collectively, the “**Debtor**”) current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof, as described in those Orders (the “**Debtors’ Property**”).

5. The Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, manage, operate and carry on the business of the Debtor and to take possession and control of the Debtor's Property and any and all proceeds, receipts and disbursements arising out of or from the Debtor's Property, and to sell, convey, transfer, lease or assign the Debtor's Property or any part or parts thereof out of the ordinary course of business.

(B) Receiver's Activities

6. The Receiver's actions and activities up to the date of this Application, as described in the Third Report and the Confidential Supplement, are lawful, proper, and consistent with its powers under the Receivership Order.

(C) Distribution

7. The Receiver is advised by its counsel that Maynbridge holds valid security against the Property (as that term is defined in the Purchase Agreement).

(D) Purchase and Sale Agreement

8. The Receiver believes that the transaction contemplated in the Purchase Agreement is the best offer available with respect to the Property and will garner the greatest recovery to the creditors in the Receivership Proceedings.

(E) Approval of Sale and Vesting of Purchased Assets

9. The Receiver believes it is appropriate for the Court to approve the Purchase Agreement and grant an order vesting the Property in the Purchaser.

(F) Sealing Order

10. The Receiver is concerned that if the confidential information respecting the Purchase Agreement is disclosed to third parties prior to the closing of the sale of the Property, the disclosure could materially jeopardize the sale or, if the sale does not close, could materially jeopardize any subsequent sales process or the value that the Receiver could

obtain from the sale of the Property in a subsequent process. As such, the Receiver is respectfully of the view that it is appropriate that this Honourable Court grant the Receiver's request for a sealing of the Confidential Supplemental Report.

Material or evidence to be relied on:

11. The Third Report of the Receiver dated September 12, 2019.
12. The Confidential Supplement to the Third Report of the Receiver dated September 12, 2019.
13. Affidavit of Service.
14. The other pleadings and materials filed in this Action and such further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

15. Rules 1.3, 1.4, 6.3, and 13.5(2) of the *Rules of Court*.
16. Such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

17. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.
18. *Judicature Act*, R.S.A. c. J-2.
19. Such further and other Acts and Regulations as counsel for the Receiver may advise or this Honourable Court may permit.

Any irregularity complained of or objection relied on:

20. Not applicable.

How the application is proposed to be heard or considered:

SCHEDULE "A"

COURT FILE NUMBER **1901-04336**

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary

Clerk's Stamp

PLAINTIFF **MAYNBRIDGE CAPITAL INC.**

DEFENDANTS **GENCO HOLDINGS LTD., GENCO (WALDEN) LTD.,
PALI BEDI, TARLOK TATLA, JASBIR HANS, SOLO
LIQUOR HOLDINGS LTD and SOLO LIQUOR
STORES LTD.**

DOCUMENT **ORDER (Walden Sale Approval)**

ADDRESS FOR SERVICE
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Barristers and Solicitors
3400 First Canadian Centre
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Calgary, Alberta T2P 3N9

Attention: Travis Lysak / Mihai Tomos
Tel: (403) 261- 5350 / (587) 233 4107
Facsimile: (403) 261- 5351
File No.: 303718.3

Date on which Order was pronounced: September 20, 2019

Location where Order was pronounced: Calgary, Alberta

Name of Justice who made this Order: The Honourable Justice J.T. Eamon

UPON the application of Ernst & Young Inc. in its capacity as the receiver (the "**Receiver**") of certain undertaking, property and assets of Genco Holdings Ltd. and Genco (Walden) Ltd. (collectively, the "**Debtor**"); **AND UPON** having read the Third Report of the Receiver dated September 12, 2019 (the "**Third Report**"), the Confidential Supplement to the Third Report of the Receiver dated September 12, 2019 (the "**Confidential Supplement**") and such other materials in the pleadings and proceedings as deemed necessary; **AND UPON** hearing the submissions of counsel for the Receiver and any other interested parties appearing at the within application; **IT IS HEREBY ORDERED AND DECLARED THAT:**

1. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Third Report or the Purchase Agreement (as this term is defined in paragraph 5 below).

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

ACTIVITIES

3. The actions, conduct and activities of the Receiver, as reported in the Third Report and the Confidential Supplement, are hereby authorized and approved.

4. The Receiver's schedule of receipts and disbursements, as set out in the Third Report, is hereby approved without the necessity of a formal passing of the Receiver's accounts.

APPROVAL OF PURCHASE AGREEMENT

5. The Walden Transaction as contemplated by the Agreement of Purchase and Sale between G&E Vending Ltd. and the Receiver dated August 30, 2019 (the "**Purchase Agreement**"), which is attached as Appendix A to the Confidential Supplement is hereby approved and the Purchase Agreement is determined to be commercially reasonable and the Purchase Price contained therein represents, in the present circumstances, the best possible and realizable value for the subject matter of the Purchase Agreement, being the lands legally described as:

CONDOMINIUM PLAN 1711606
UNIT 1
AND 1889 UNDIVIDED ONE TEN THOUSAND SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 1711606
UNIT 6
AND 2521 UNDIVIDED ONE TEN THOUSAND SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

CONDOMINIUM PLAN 1711606
UNIT 7
AND 3802 UNDIVIDED ONE TEN THOUSAND SHARES IN THE COMMON
PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

6. The Purchase Agreement and the execution and acceptance thereof by the Receiver, (including any amendments that may be agreed upon by the parties), is hereby authorized and approved and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as the Receiver considers to be necessary or desirable for the completion of the Purchase Agreement, for the assignment and conveyance of the Property (as this term is defined in the Purchase Agreement) to the Purchaser, and to otherwise complete the Walden Transaction.

7. The Receiver is hereby further authorized and directed, subject to the terms and conditions of this Order and the Purchase Agreement, to take such additional steps as the Receiver considers to be necessary or desirable for the completion of the Walden Transaction, and for the assignment and conveyance of Genco Walden Ltd.'s right, title and interest in the Property to the Purchaser substantially as contemplated by the terms and conditions of this Order and the Purchase Agreement.

VESTING PROVISIONS

8. Effective immediately upon the delivery by the Receiver to the Purchaser of a Receiver's Certificate substantially in the form attached hereto as **Schedule "A"** confirming the closing of the Walden Transaction contemplated by the Purchase Agreement, all legal and beneficial ownership of and title to the Property, shall vest and is hereby vested in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens whether contractual, statutory or otherwise (including without limitation any statutory or builders' liens), executions, levies, charges, or other financial or monetary claims, taxes and arrears of taxes, executions, levies and other rights, limitations, restrictions, interests and encumbrances, whatsoever, howsoever and wheresoever created or arising whether absolute or contingent, fixed or floating, whether or not they have attached or been perfected, registered or

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

- a. any encumbrances or charges created by the Receivership Order granted in this Action or any further orders granted in this action;
- b. all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; and
- c. those Claims listed in **Schedule “B”** hereto;

(all of which are collectively referred to as the “**Encumbrances**”), but subject to the permitted encumbrances listed in **Schedule “C”** hereto.

For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Property, other than Permitted Encumbrances, are hereby expunged and discharged as against the Property.

9. Upon the delivery of the Receiver’s Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees:

- a. the Registrar of Land Titles of Alberta (the “**Registrar**”) is hereby authorized, requested, and directed to:
 - (i) notwithstanding Section 191 of the *Land Titles Act* (Alberta), transfer the Property, subject only to the Permitted Encumbrances listed in **Schedule “C”** to this Order, to with G&E Vending Ltd., having an address of #201, 10235-124 Street Edmonton, Alberta, T5N 1P9 or its nominee;
 - (ii) discharge and expunge from the specified Certificates of Title for the Lands all of the registrations listed in **Schedule “B”** hereto; and
 - (iii) register such transfers, discharges, discharge statements or conveyances, as may be required to convey clear title to the Lands to G&E Vending

Ltd., or its nominee, which Certificates of Title shall be subject only to the Permitted Encumbrances.

10. This Order shall be registered by the Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.

11. For greater certainty, the Purchaser shall, by virtue of the completion of the Walden Transaction, have no liability of any kind whatsoever to any entity having a Claim.

CLOSING OF THE SALE TRANSACTION

12. The closing of the Walden Transaction shall be effected in accordance with the terms of the Purchase Agreement and such amendments to the Purchase Agreement as may be agreed to in writing between the Purchaser and the Receiver.

13. For the purposes of determining the nature and priority of Claims, the net proceeds arising out of the Purchase Agreement shall stand in the place and stead of the Property and all Claims shall attach solely to such net proceeds with the same validity, priority and in the same amounts and subject to the same defences that were or may have been available immediately prior to the closing of the Walden Transaction as if the Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the closing of the Walden Transaction.

14. Upon the closing of the Walden Transaction, Genco (Walden) Ltd. and all persons who claim in respect of the Property, save and except the Permitted Encumbrances, shall stand absolutely barred and foreclosed from all estate, right, title, interest, royalty, rental and equity of redemption of the Property and, to the extent that any such person other than the Receiver remains in possession or control of any of the Property, they shall forthwith deliver possession of same to the Purchaser or its nominee.

15. If the Walden Transaction is for any reason not completed the Receiver and the Purchaser are hereby given leave to re-apply to this Honourable Court for such variations and modifications

to the within Order as may be necessary and prudent in the circumstances, including without limitation reinstatement of affected Claims.

DISTRIBUTION

16. The Receiver shall make the following distributions from the proceeds derived from the Walden Transaction:

- a. an amount to settle the fees outstanding to the Receiver and its legal counsel, up to \$250,000, representing the amount of the Receiver's Charge (as defined in the Maynbridge Receivership Order);
- b. approximately \$510,000 to the City of Calgary, in settlement of outstanding property taxes, both current, arrears and penalties thereon; and
- c. the remaining balance, less a \$70,000 hold back with respect to the Builders' Liens, to Maynbridge, the first-ranking secured creditor of Genco Walden, as partial repayment of amounts owing to Maynbridge under the Credit Agreement dated December 22, 2017, and secured by its first charge security interest against Walden.

GENERAL

17. Notwithstanding:

- a. the pendency of these proceedings;
- b. any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- c. any assignment in bankruptcy made in respect of any of the Debtors;

the vesting of the lands included in the Property and the assignment and conveyance of the Property to the Purchaser pursuant to the Purchase Agreement as approved by this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not

be void or voidable, shall not constitute or be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, and shall not constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

18. No authorization or approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Property is required for the due execution, delivery and performance by the Receiver of the Purchase Agreement, other than authorizations, approvals or exemptions from requirements therefor previously obtained and currently in force, if any.

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

SERVICE OF THIS ORDER

20. This Order shall be sufficiently served by serving the same on the service list, in the same manner as the Application was served and by posting a copy of the same on the Receiver's website at: <https://documentcentre.eycan.com>.

21. Service of this Order on any other interested person in any other manner than set out above is hereby dispensed with.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

COURT FILE NUMBER **1901-04336**

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary

Clerk's Stamp

PLAINTIFF **MAYNBRIDGE CAPITAL INC.**

DEFENDANTS **GENCO HOLDINGS LTD., GENCO (WALDEN) LTD.,
PALI BEDI, TARLOK TATLA, JASBIR HANS, SOLO
LIQUOR HOLDINGS LTD and SOLO LIQUOR
STORES LTD.**

DOCUMENT **Receiver's Certificate**

ADDRESS FOR SERVICE
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INFORMATION OF
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DOCUMENT **Fasken Martineau DuMoulin LLP**
Barristers and Solicitors
3400 First Canadian Centre
350 – 7 Avenue SW
Calgary, Alberta T2P 3N9

Attention: Travis Lysak / Mihai Tomos
Tel: (403) 261- 5350 / (587) 233 4107
Facsimile: (403) 261- 5351
File No.: 303718.3

RECITALS

A. Pursuant to an Order of the Honourable Justice P.R. Jeffrey granted on March 22, 2019 and pursuant to an Order of the Honourable Justice B.E.C. Romaine granted on April 5, 2019 Ernst & Young Inc. was appointed receiver (the "**Receiver**"), without security, of certain of Genco Holdings Ltd. and Genco (Walden) Ltd.'s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof, as described in those Orders.

B. Pursuant to an Order of the Court dated September 20, 2019, the Court approved the Agreement of Purchase and Sale dated August 30, 2019 (the "**Purchase Agreement**") between the Receiver and G&E Vending Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of Genco Walden Ltd.'s right, title and interest in and to the Property, which vesting is to be effective with respect to the Property upon the delivery by the Receiver to the Purchaser of a certificate confirming that the Walden Transaction has been completed.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Agreement or the Third Report of the Receiver dated August 20, 2019.

THE RECEIVER CERTIFIES the following:

1. The Walden Transaction has been completed; and
2. This Certificate was delivered by the Receiver at _____ on _____, 2019.

Ernst & Young Inc. in its capacity as the receiver of certain undertaking, property and assets of Genco Holdings Ltd. and Genco (Walden) Ltd., and not in its personal capacity.

Per: _____

Name:

Title:

Schedule “B”

Registrations to be Discharged

Instruments registered against Certificates of Title Numbers 171 169 370, 171 169 370 +5, and 171 169 370 +6:

1. Instrument 141 346 757 CAVEAT, 1124294 ALBERTA LIMITED.
2. Instrument 181 014 671 MORTGAGE, MAYNBRIDGE CAPITAL INC.
3. Instrument 181 014 672 18/01/2018 CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - MAYNBRIDGE CAPITAL INC.
4. Instrument 181 131 679 21/06/2018 MORTGAGE, 1523674 ALBERTA LTD.
5. Instrument 181 131 680 CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - 1523674 ALBERTA LTD.
6. Instrument 191 057 584 Caveat re: Agreement Charging Land, Crown Capital LP Partner Funding Inc.
7. Instrument 191 079 768 Builder's Lien, Cleanpro Janitorial Services Ltd.
8. Instrument 191 079 769 Builder's Lien, Cleanpro Landscaping Ltd.

Schedule "C"

Permitted Encumbrances

Instruments registered against Certificates of Title Numbers 171 169 370, 171 169 370 +5, and 171 169 370 +6:

1. Instrument 191KX, Utility Right Of Way
2. Instrument 091 236 774, Utility Right Of Way
3. Instrument 121 156 531, Caveat Re: Restrictive Covenant
4. Instrument 131 143 762, Caveat Re : Easement
5. Instrument 141 150 422, Easement
6. Instrument 141 346 755, Caveat Re: Restrictive Covenant

SCHEDULE "B"

COURT FILE NUMBER **1901-04336**

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary

PLAINTIFF **MAYNBRIDGE CAPITAL INC.**

Clerk's Stamp

DEFENDANTS **GENCO HOLDINGS LTD., GENCO (WALDEN) LTD.,
PALI BEDI, TARLOK TATLA, JASBIR HANS, SOLO
LIQUOR HOLDINGS LTD and SOLO LIQUOR
STORES LTD.**

DOCUMENT **SEALING ORDER**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT **Fasken Martineau DuMoulin LLP**
Barristers and Solicitors
3400 First Canadian Centre
350 – 7 Avenue SW
Calgary, Alberta T2P 3N9

Attention: Travis Lysak / Mihai Tomos
Tel: (403) 261- 5350 / (587) 233 4107
Facsimile: (403) 261- 5351
File No.: 303718.3

DATE ON WHICH ORDER WAS PRONOUNCED: **September 20, 2019**

LOCATION WHERE ORDER WAS PRONOUNCED: **Calgary, Alberta**

NAME OF THE JUDGE WHO MADE THIS ORDER: **The Honourable Justice J.T. Eamon**

UPON the application of Ernst & Young Inc. in its capacity as the receiver (the "**Receiver**") of certain undertaking, property and assets of Genco Holdings Ltd. and Genco (Walden) Ltd. (collectively, the "**Debtor**"); **AND UPON** having read the Third Report of the Receiver dated September 12, 2019 (the "**Third Report**"), the Confidential Supplement to the Third Report of the Receiver dated September 12, 2019 and such other materials in the pleadings and proceedings as deemed necessary; **AND UPON** hearing the submissions of counsel for the Receiver and any other interested parties appearing at the within application; **IT IS HEREBY ORDERED AND DECLARED THAT:**

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

SEALING

2. The Confidential Supplement to the Third Report of the Receiver dated September 12, 2019 shall immediately be sealed by the Clerk of the Court, kept confidential and not form part of the public record, and not be available for public inspection until the Receiver's Certificate, substantially in the form attached as Schedule "A" to the Sale Approval and Vesting Order dated September 20, 2019, has been filed, or as otherwise ordered by this Court, upon five (5) days' notice to all parties on the service list in this matter.

3. A copy of this Order shall be served on the Clerk of the Court pursuant to Rule 13.45, and notice shall be published pursuant to Rule 6.32 immediately upon filing of this Order.

4. The Clerk of the Court is hereby directed to place the Confidential Supplement to the Third Report of the Receiver dated September 12, 2019 separate and apart from all other contents of the Court file in a sealed envelope attached to a notice that sets out the title to these proceedings, the aforementioned description of the documents contained therein, and a statement that the contents of the envelope are sealed pursuant to this Order.

SERVICE OF THIS ORDER

5. This Order shall be sufficiently served by serving the same on the service list, in the same manner as the Application was served and by posting a copy of the same on the Receiver's website at www.ey.com/ca/genco.

6. Service of this Order on any other interested person in any other manner than set out above is hereby dispensed with.

7. Any interested party may apply to have this Order amended or varied on 5 days' notice to the Receiver.

Justice of the Court of Queen's Bench of Alberta