

COURT FILE NUMBER **1201-05843**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c-36, AS AMENDED AND IN
THE MATTER OF UBG BUILDERS INC., ALBERTA BUILDERS
CAPITAL INC., ALPINE HOMES (2006) INC., AMERICAN
BUILDERS CAPITAL (US) INC., EDGEWATER AT GRIESBACH
INC., ELITE HOMES (2006) LTD., EVOLUTION BY
GREENBORO INC., GREENBORO COMMUNITIES (2006) INC.,
GREENBORO ESTATE HOMES (2006) LTD., GREENBORO
HOMES (2006) LTD., GREENBORO LUXURY HOMES INC.,
HIGH POINTE INC., MOUNTAINEERS VILLAGE (2006) INC.,
MOUNTAINEERS VILLAGE II INC., ORIGINS AT CRANSTON
INC., SOUTH TERWILLEGAR VILLAGE INC., THE BRIDGES
MANAGEMENT INC., THE LEDGES INC., TIMBERLINE
LODGES (2006) INC., TODAY'S COMMUNITIES (2006) INC.,
TODAY'S HOMES (2006) INC., TUSCANY DEVELOPMENTS
(2006) INC., UBG ALBERTA BUILDERS (2006) INC., UBG
ALPINE HOMES (2006) LTD., UBG BRIDGES INC., UBG
BUILDERS (USA) INC., UBG COMMERCIAL INC., UBG LAND
INC., UBG LOT DEPOSIT CORP., UBG 4500 CALGARY INC.,
UBG 75 CANMORE INC., UBG 808 CALGARY INC., UNITY
INVESTMENTS (2012) INC., VALMONT AT ASPEN STONE
INC., VALOUR PARK AT CURRIE INC., VILLAGE AT THE
HAMPTONS INC., VILLAGE ON THE PARK INC.,
WILDERNESS HOMES BY RIVERDALE INC., WILDERNESS
RIDGE AT STEWART CREEK INC. (COLLECTIVELY, THE
"UBG GROUP OF COMPANIES")

DOCUMENT TWENTY-FIRST REPORT OF ERNST & YOUNG INC. AS
CCAA MONITOR OF THE UBG GROUP OF COMPANIES

ADDRESS FOR SERVICE
AND CONTACT
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INTRODUCTION

1. On May 9, 2012, the Court of Queen's Bench of Alberta ("Court") issued an order ("Initial Order") granting the UBG Group of Companies ("UBG" or the "Company") protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") (the "CCAA Proceedings"). Ernst & Young Inc. ("EY") was appointed monitor ("Monitor") under the Initial Order.
2. Since the date of the Initial Order the Monitor has filed 20 reports plus 13 project-specific reports in these CCAA Proceedings in connection with various Court applications made by UBG including obtaining approval for various Protocols for interim financing with several of the Company's lenders.
3. Pursuant to a Court Order made on December 15, 2014, the stay of proceedings under the Initial Order was extended to June 30, 2015.
4. The primary purposes of the CCAA Proceedings are to protect UBG's business and operations, to allow UBG an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its credit facilities, all under a court-supervised process.
5. Capitalized terms not defined in this twenty-first report are as defined in all Reports and orders previously issued in respect of these CCAA Proceedings.

Purpose of this Report

6. The purpose of this twenty-first report ("Report") is to:
 - a) Provide an update on certain of the Company's development projects; and
 - b) Respectfully recommend that this Honourable Court make orders:
 - i. approving an interim distribution of proceeds in respect of the Terwillegar Project to the Terwillegar Project investors;
 - ii. approving the Fennell Offer in respect of High Pointe Limited Partnership (the "Murals Project") and authorizing and directing the Monitor and UBG to take such additional steps as may be necessary or desirable for the completion of the transaction and conveyance of Phase 3 of the Murals Project to the purchaser and vesting in the purchaser as of closing, title to Phase 3 free and clear of all liens, charges, security interests and other encumbrances, and directing the Registrar of Land Titles to register title to Phase 3 in the purchaser; and
 - iii. extending the stay of proceedings under the Initial Order to September 30, 2015.

Terms of Reference

7. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form

of assurance in respect of the information. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

Currency

8. All currency references in this Report are in Canadian dollars.

BACKGROUND

Overview

9. UBG is a real estate development group overseeing various homebuilder companies. UBG is involved in residential and commercial real estate development in Alberta and real estate investment through its investment arms, Unity Investments (2012) Inc. ("Unity Investments"), Alberta Builders Capital Inc. ("ABC Capital") and American Builders Capital (US) Inc. ("ABC US Capital"). UBG was previously involved in residential real estate in Colorado Springs, Colorado, and San Antonio, Texas; however, all operations in the United States have been discontinued.
10. Considerable background detail and materials were included in the Monitor's Second Report and in the May 8, 2012 affidavit of Robert Friesen (the "May 8th Friesen Affidavit") filed in these CCAA Proceedings which included, *inter alia*, details on:
 - a) The Company's corporate organization and divisional structure;
 - b) Background on single family and multi-family projects;
 - c) Further information on operations in the US;
 - d) Commercial land and building holdings; and
 - e) Investors.

COMPANY'S ACTIVITIES

11. UBG continues to address various Projects. Since the commencement of the CCAA Proceedings, those efforts, among other things, include:
 - a) Continuing to close Residential Units;
 - b) Discussions and meetings with certain Company lenders;
 - c) Discussions and meetings with Alberta New Home Warranty Program ("ANHWP");
 - d) Quitclaiming UBG's head office property located in Calgary, Alberta owned by UBG 808 Calgary Limited Partnership to ICI Capital Corporation ("ICI");

- e) Quitclaiming and or conveying 31 condominium units located in Canmore, Alberta owned by Timberline Lodges Limited Partnership to ICI and Bank of Montreal (“BMO”);
- f) Closing the sale of the property located in Canmore owned by The Ledges Limited Partnership;
- g) Communicating with investors and Olympia Trust Company in respect of a solution to the Mountaineers Village II Project located in Canmore;
- h) Closing the sale of 19 condominium units located in Canmore owned by Wilderness Ridge at Stewart Creek Limited Partnership (“Wilderness”);
- i) Closing the sale of the commercial property located in Canmore owned by UBG 75 Canmore Limited Partnership;
- j) Closing the sale of the property located in Edmonton, Alberta owned by Village at the Hamptons Limited Partnership;
- k) Closing the sale of the property located in Edmonton owned by Edgewater at Griesbach Limited Partnership;
- l) Closing the agreement for transfer of the property located in Calgary owned by UBG Bridges Limited Partnership (“Bridges”);
- m) Concluding the Terwillegar Project;
- n) Vesting the lands located in Calgary owned by Valour Park at Currie Limited Partnership (“Valour Park”) to Canadian Western Bank (“CWB”);
- o) Closing the sale of the property located in Edmonton owned by Village at Laurels Limited Partnership;
- p) Closing the sale of the Project located in Calgary owned by Valmont at Aspen Stone Limited Partnership (“Valmont”);
- q) Closing the sale of seven townhouse units owned by Origins at Cranston Limited Partnership (“Origins”) to Attainable Homes Calgary Corporation (“Attainable Homes”);
- r) Negotiating first the financing and completion of, and then the return of, the 40 Calgary lots owned by Today’s Homes to United Communities;
- s) Successfully emerging Greenboro Homes Limited Partnership (“GHL”) from these CCAA Proceedings effective August 29, 2013;
- t) Obtaining Court approval of a stalking horse solicitation process and subsequently a vesting Order in respect of Phase 3 of the Origins Project;
- u) Communicating and working with the investors in ABC US Capital and United States legal counsel in connection with the Court approved assignment of security to Valiant Trust Company (“Valiant”);

- v) Communicating and working with the investors in the Murals at High Pointe Project, including the appointment of an investor steering committee, listing the Murals Project for sale and accepting the Fennell Offer (defined later in this Report);
- w) Obtaining Court approval of Greenboro Estate Homes Limited Partnership's ("GEH") Plan of Compromise and Arrangement ("Plan") and successfully closing the transactions contemplated by the Plan and implementing same;
- x) Working with Calbridge Homes in connection with developers, lenders, creditors and stakeholders;
- y) Working with the Monitor and its legal counsel to assess claims filed by creditors in these CCAA Proceedings including obtaining certain settlements;
- z) Dealing with various lienholders in connection with the establishment, maintenance, verification and payment of various lien claims; and
- aa) Working with legal counsel and the Monitor in respect of certain UBG joint venture arrangements held by UBG Land Inc. ("UBG Land").

MULTI-FAMILY PROJECTS

Origins at Cranston

12. The Origins project is a three phase multi-family development located in south east Calgary. It comprises a total of 140 units (24 townhomes and 116 condominiums). Phase 1 is a 48 unit condominium building which is complete and all sales have closed. One unit has not been sold and is being retained as a show suite. Construction on Phase 3 consisting of 68 units had not been started and the bare land was sold with the Court approving such sale on August 4, 2014. The sale subsequently closed in late September 2014.
13. Phase 2 comprises 24 townhomes. 17 were completed by UBG and these sales have closed. The remaining seven townhomes were sold to Attainable Homes and that sale closed in early November 2013.
14. Origins was financed by ICI. ICI's loans were paid out in full concurrent with the closing of the sale of the seven townhomes to Attainable Homes.
15. Origins is also financed by Unity Investments which holds a second secured charge on the property subordinate to ICI. Unity Investments is owed more than \$7.0 million. The Investors on this project have retained independent legal counsel.
16. There is a private investor that holds a 50% equity interest in Origins having made an initial contribution of approximately \$1.75 million. The private investor is currently owed approximately \$1.75 million.
17. Lear Construction Management Ltd. ("Lear") was building Origins; however, prior to completing construction on the 24 townhomes Lear stopped working and did not return to the Origins

construction site. Lear is owed significant amounts for costs incurred pre-May 9, 2012 and also for amounts owed post-May 9, 2012.

18. Lear filed an application returnable November 26, 2013 seeking various relief including orders: i) determining the amount owing to Lear; ii) declaring that the amount is immediately due and payable and must be paid forthwith; and iii) requesting additional accounting information in connection with the ICI loan draws and the sales proceeds from the sale of Phases 1 and 2.
19. With respect to pre-May 9, 2012 amounts owed to Lear, those amounts will be addressed in due course as part of the Claims Process and will be subject to not only establishing the validity of these claims, but also to priority claims and realizations on the Origins Project.
20. In respect of post-May 9, 2012 amounts owed to Lear, Lear has submitted invoices to Origins which indicate that costs have increased over budgeted costs. As Lear is aware, the funds provided by ICI were a fixed amount and no additional funds were available from the ICI loan facilities to address any increased costs. The cost consultant retained on the project approved Lear's invoices in accordance with the agreed upon budget. No additional amounts have been approved for payment to Lear.
21. UBG and the Monitor have provided Lear with certain Origins accounting information as requested by Lear.
22. On June 1, 2015 the Monitor engaged a cost consultant to assess a portion of Lear's claim for amounts claimed in respect of Phase 3. Lear claims it undertook significant work on Phase 3 in connection with the construction on Phase 2. The cost consultant's final report is expected in mid-July 2015. The parties (Lear, UBG, the Investors and the Monitor) have agreed to a schedule to advance the outstanding issuers to a hearing on October 30, 2015.
23. There are several outstanding deficiency claims relating to the condominiums and townhomes, and certain common areas which to date total approximately \$26,000. It is the Monitor's view that the deficiency claims should be paid from the funds held in respect of this project in priority to other claims.

South Terwillegar

24. The project known as South Terwillegar is a two phase 112 unit townhome complex located in Edmonton, Alberta. All construction is complete.
25. On July 10, 2013 UBG entered into an Interim Financing Agreement with Scotiabank whereby Scotiabank agreed to finance the remaining construction costs on 22 unfinished units. Concurrently, UBG entered into an Amended Development Agreement with Footprint Developments Ltd. ("Footprint") to complete construction of Terwillegar. Scotiabank was paid its loans in full in December 2013.
26. Unity Investments also provided financing on the South Terwillegar project. Unity Investments holds a second secured position and is currently owed approximately \$1.95 million excluding interest.

27. The Monitor and UBG's counsel hold approximately \$986,000 from unit sales. From this amount, certain amounts are being withheld:
 - a) \$114,000 holdback for deficiencies relating to the first phase of the project. The Monitor has agreed to provide the condominium corporation responsible for this phase of STV a maximum of \$126,000 to address these deficiencies. To date, approximately \$12,000 has been paid and a further payment of approximately \$103,600 will be made shortly;
 - b) Approximately \$221,000 in respect of GST potentially payable to the Canada Revenue Agency. The Monitor is in the process of preparing all required GST returns for this project; and
 - c) A contingency of \$50,000 in respect of potential additional matters or costs that may be incurred to conclude administration on the South Terwillegar project.
28. The Monitor has reviewed sales commissions on the project and determined that all post-CCAA commissions have been paid.
29. There are two letters of credit, one in the amount of \$30,000 for the benefit of ANHWP and one in the amount of \$15,000 held by the City of Edmonton. The Monitor is not aware of any outstanding deficiencies at Terwillegar that would be subject to ANHWP's warranty and accordingly has written to ANHWP requesting the release of the letter of credit.
30. The Monitor understands that the City of Edmonton will retain the \$15,000 letter of credit for a period of two years from the final sign off on landscaping. Accordingly, these funds will likely not be releasable until mid-2016.
31. The Monitor's legal counsel, Bennett Jones LLP ("Bennett Jones"), has opined on the investors' security and, subject to customary assumptions and qualifications, the investors' security:
 - a) constitutes legal, valid and binding obligations of South Terwillegar Village Limited Partnership;
 - b) created in favour of the investors a valid fixed charge over the charged Terwillegar property; and
 - c) the investor's security was duly registered, filed or recorded in Alberta prior to the sale of units to purchasers at which time the security was discharged.
32. The Monitor supports UBG's application for an interim distribution of \$601,000 to the investors. Attached as Appendix "A" is the proposed payout to the South Terwillegar investors.
33. Should additional funds eventually be available from the holdbacks noted above, a second distribution will be made to the investors.

Village on the Park (“VOP”)

34. The project known as Village on the Park (“VOP”) is a three phase 243 unit condominium complex comprising three buildings located in Edmonton. Construction on all three buildings is complete and all units have sold and closed.
35. Scotiabank was providing the financing on this project. The Scotiabank loan was retired in full on July 24, 2012.
36. There are amounts owed to Trades in respect of construction and amounts also owed to Lear for its role in the construction. UBG has identified several deficiencies and a list of those deficiencies has been provided to Lear. Those deficiencies have not yet been addressed. Lear is of the view that its contract is a cost plus contract and that the costs to rectify any deficiencies are for VOP’s account. UBG and the Monitor disagree with Lear’s position and have taken alternative steps to have the deficiencies completed.
37. 32 creditors have made claims against VOP totalling in excess of \$300 million. The Monitor has completed its review of 31 claims filed against the VOP Project and on or about June 18, 2015 issued 12 Notices of Acceptance and 19 Notices of Revision or Disallowance (“NORs”). The time period for creditors to file disputes in response to NORs issued to date has not yet expired and the Monitor believes that some of those NORs will likely be disputed.
38. With respect to the one claim that has not yet been fully reviewed, the Monitor is corresponding with that VOP creditor to obtain clarification and additional documentation in support of its claim. The Monitor will respond to this creditor’s Proof of Claim in due course.
39. The Monitor has completed its review of the VOP bank accounts since the inception of the VOP project to determine amounts that may be owed to certain parties that have filed claims against VOP. This exercise was complicated and time consuming. The review of the bank accounts indicated total credits of \$18.613 million and total debits of \$19.002 million, indicating more funds flowed out of the VOP project than funds flowing into the project. As a result, there appear to be no intercompany claims against VOP and the valid claims against VOP are limited to trade creditors that provided services to VOP.
40. The Monitor has prepared a preliminary estimated recovery analysis, including the above analysis and the results of the claims process to date, which is attached to this Report as Appendix “B”. Based on this analysis, the Monitor anticipates that creditors with accepted claims will be paid out in full and that approximately \$3.4 million will be available for the equity holders.

Murals

41. The project known as Murals is a three phase 59 townhome unit complex located in High River, Alberta. Phase 1 comprising 18 units and Phase 2 comprising 16 units are complete and the sales of all units in Phase 1 and 2 have closed. Phase 3 comprising 25 units has not yet started.
42. Unity Investments (the “Investors”) is the only secured creditor and is owed approximately \$2.147 million (which includes interest of approximately \$313,945). There is no other financing on the project.

43. Phase 2 of the project was completed pursuant to a completion agreement entered into with Stahl General Contracting Inc. Net proceeds from the sale of the Phase 2 units has been distributed to the Unit Holders pursuant to the Murals Distribution Court Order issued on March 27, 2015.
44. UBG explored various alternatives in respect of Phase 3 of the Murals Project. Kohr Builders Inc. ("Kohr"), a company that was established by a former UBG employee (and now a consultant), made a proposal to complete this project (the "Kohr Proposal"), but the Kohr Proposal was ultimately unable to close.
45. By Extraordinary Resolution, made pursuant to the Unit Holders' security, the Unit Holders appointed an investor Steering Committee to assist with the marketing and sale of Phase 3 of the Murals Project.
46. A conditional offer was received and recommended to UBG and the Monitor by the Steering Committee (the "Fennell Offer"). The Fennell Offer has been accepted by the Steering Committee, UBG and the Monitor, subject to conditions and court approval.
47. The Fennell Offer contains the following material terms:
 - a) an aggregate purchase price of \$900,000;
 - b) the Phase 3 lands will be sold on an "as is – where is" basis;
 - c) the offer is subject to Buyer approval following a 90 day due diligence period;
 - d) the closing date is set for 60 days following satisfaction or waiver of conditions; and
 - e) the offer is subject to the Court granting an approval and vesting order in respect of the Phase 3 lands.
48. The Steering Committee has communicated to the Monitor its belief that the Fennell Offer is the best offer that will be received. The Unit Holders are the only creditor that will see any recovery upon the completion of the Fennell Offer, and will experience a significant shortfall on their debt. A copy of the Purchase Agreement is attached as Appendix "C".
49. All conditions in respect of the Fennell Offer have been satisfied. Accordingly, the Monitor supports the approval of the Fennell Offer, because:
 - a) UBG is unable to advance development of this project;
 - b) the appraised value of the 25 lots comprising Phase 3 is significantly less than the amount owed by Murals to the Investors; and
 - c) the Unit Holders, who are the only affected creditor in respect of this project, are in favour of this course of action.
50. The Borrower's Cost associated with the distribution and conveyance of the Phase 3 lots as outlined herein is \$52,500. This amount will be paid to UBG's legal counsel in connection with the closing of the sale of Phase 3. The Monitor is of the view that the Borrower's Cost of

approximately 5% of the value of the Phase 3 lots is reasonable considering the time, effort and costs expended by UBG in connection with preservation, assessing various options and consultation undertaken for the general benefit of the stakeholders.

Wilderness

51. The sale of the Wilderness project to Highfield Stock Farm Inc. ("Highfield") closed on May 2, 2013. Pursuant to the sale agreement, Highfield was to either: i) assume the obligations pursuant to \$525,000 letters of guarantee; \$500,000 held in the favour of the Town of Canmore in respect of landscaping requirements and \$25,000 in favour of ANHWP; or ii) provide a cash secured replacement letter of guarantee to the Town of Canmore.
52. Highfield assumed the obligations pursuant to the letter of guarantee. The Town of Canmore has released \$450,000 of the \$500,000 guarantee and those funds will be available for distribution to the Wilderness project creditors on a pro rata basis. The Town of Canmore recently released an additional \$45,000 of the guarantee.
53. The Monitor has completed its review of third party claims filed against the Wilderness Project and issued several NORs. The time to dispute the last NORs issued by the Monitor has expired. There remain two unresolved third party claims. The Monitor is attempting to resolve such claims in as timely a basis as possible.
54. The Monitor is currently investigating the validity of intercompany claims filed against Wilderness, including a \$6.0 million claim by Wilderness Homes by Riverdale Limited Partnership.
55. Should the remaining two claims be resolved in the near future, the Monitor anticipates that UBG will make an application to Court in the next six to eight weeks seeking approval for a distribution of the funds held in respect of this project.

Mountaineers II

56. Mountaineers II comprises three acres of raw land located in the Three Sisters area in Canmore. Unity Investments holds security over this project and is owed approximately \$2.9 million. Based on information available to the Monitor, it appears that there is only one additional creditor on Mountaineers II which is the Town of Canmore for outstanding property taxes.
57. The Monitor solicited a listing proposal from a large independent real estate firm indicating a suggested listing price of \$1.6 million. The Court approved listing Mountaineers II lands for sale and the property was placed on the market in January 2013.
58. There were no formal offers received for the property and the listing agreement was allowed to expire.
59. The Investors have expressed a desire to have the property conveyed to them through the establishment of a holding company. The Monitor understands that the process of establishing the holding company and a mechanism to address outstanding property taxes is still underway. Once the terms of the transaction are finalized it is anticipated an application will be made to this Honourable Court seeking approval for the property to be transferred.

60. UBG recently obtained an interim financing Order for the purpose of paying the property taxes accruing against that property. It is anticipated that an emergence strategy will be finalized for this project before September 30, 2015.

Valmont

61. The sale of the Valmont project was approved by this Honourable Court on August 30, 2013 and closed on September 6, 2013.
62. As detailed in the Monitor's earlier reports to Court in respect of the Valmont project (the "Second Valmont Report"), there are ongoing disputes with certain creditors; Square Foot Real Estate Corporation ("Square Foot") in respect of the portion of commissions payable upon a confirmed unit sale and West Gallant Developments Ltd. ("West Gallant") in respect of the subordination of its claim and the quantum of certain third party lien claims.
63. The Monitor's attempts to settle the Square Foot dispute have been unsuccessful. The matter is to be heard before the Court on July 24, 2015.
64. West Gallant ("West Gallant") submitted a claim against Valmont in the amount of \$4,940,000. The Monitor does not dispute the quantum of West Gallant's claim but rather its priority. West Gallant filed a Notice of Dispute with the Monitor and the claim has not been resolved. West Gallant has also raised questions in respect of certain valid lien claims filed by creditors. The Monitor does not agree with West Gallant's assessment of the lien claims and is attempting to resolve this issue with West Gallant. West Gallant agreed to the payment of certain lien claims totalling approximately \$482,000. The Monitor issued payments to six lienholders.
65. West Gallant is challenging the lien claims of Burnco, United Rentals and Harris Steel and obtained an order from the Court to obtain copies of the proofs of claim filed by certain lien claimants along with supporting documents of the Company. The Monitor has provided West Gallant with the copies of the documents in its possession in respect of this Order. One of the lien claimants is inquiring on the approach used by the Monitor to calculate the lien fund.
66. The resolution of the Square Foot claim and the West Gallant claim and lien issue is required prior to the Monitor making a distribution to the Valmont Project's creditors. The timing of the distribution is unknown at this time.

SINGLE FAMILY PROJECTS

Greenboro Estate Homes Limited Partnership

67. On October 10, 2013 the Court issued an order approving GEH's Plan and the Plan was implemented on December 31, 2013.
68. The Monitor has reviewed the claims against GEH and issued several NORs. There remain some unresolved claims that the Monitor is currently addressing.

Mystic Ridge

69. Mystic Ridge is a single family project located in West Calgary comprising three phases. Phase 1, consisting of 38 homes, is essentially complete. Phases 2 and 3, comprising approximately 13.5 acres and 39 homes are currently under construction. The Mystic Ridge Lands are held by a nominee company 1199032 Alberta Ltd. ("1199") which is not a party to these CCAA Proceedings.
70. The Toronto-Dominion Bank ("TD") agreed to finance the remaining development of Mystic Ridge. The Master Term Sheet was approved by this Honourable Court on April 25, 2013 which provides for, among other things, the financing to be provided by TD for: i) 1199 to develop the Mystic Lots; ii) GEH to purchase the Mystic Lots; and iii) GEH to construct the Mystic Ridge housing development.
71. The development of Mystic Ridge was integral to GEH's emergence of from these CCAA Proceedings. The Monitor understands that all of the Phase 1 development requirements were not completed. It appears that the letter of credit established with the City of Calgary may be used by the City of Calgary to complete the development requirements. Also, a party has commenced an action against 1199 in connection with 1199's purchase of the Mystic Ridge lands. A hearing date for the action has not yet been scheduled.

Greenboro Luxury Homes

72. Greenboro Luxury Homes (Currie Barracks 1A) Limited Partnership ("Greenboro Luxury LP") was created to acquire and develop lands in the Currie Barracks area of Calgary. The project is limited to 16 high-value lots. As of the date of the CCAA Proceedings 14 homes had been developed and sold. Construction on the two remaining homes commenced during the CCAA Proceedings.
73. Both properties have been completed and the sales have closed. The construction financing was provided by The TD pursuant to a financing protocol approved by this Honourable Court. The Greenboro Luxury TD loan has been paid in full.
74. The Monitor understands that landscaping on the two houses is nearing completion. Once all amounts have been paid in respect of the landscaping costs, the Monitor will commence its review of the claims filed against Greenboro Luxury LP.

Greenboro Homes Limited Partnership

75. On August 29, 2013 the Monitor filed the required Monitor's Certificate and GHM has emerged from these CCAA Proceedings.
76. There are approximately 31 claims remaining that need to be resolved and the Monitor is working to settle those claims.

Today's Homes

77. Certain of Today's Homes' single family homes are financed by Sterling Bridge Mortgage Corporation ("Sterling Bridge"). UBG entered into a lending agreement with Sterling Bridge to provide financing to Today's Homes of up to \$6.0 million to construct 17 homes. The Sterling

Bridge Protocol which was approved by this Honourable Court on September 14, 2012 governs the financing relationship. Details of each of the Today's Homes projects are contained in the Second Report and the May 8th Friesen Affidavit.

78. A Second Sterling Bridge Protocol was approved by order of this Honourable Court on March 27, 2013 in respect of four pre-sold uneconomic homes.
79. Today's Homes was unable to complete construction on the homes being financed and a third party contractor was engaged to complete construction. Construction of the homes is complete and sales of all houses have closed; however, the Monitor is informed that there are construction deficiencies that are currently being addressed.
80. The Monitor is advised that Sterling Bridge is working with its legal counsel in reviewing the status of the financing protocols and the outstanding deficiencies.
81. Any distribution and the amount thereof to Today's Homes creditors will not be known until the remaining deficiencies have been rectified and all amounts owed to Sterling Bridge have been paid.

UBG LAND LIMITED PARTNERSHIP

82. The purpose of UBG Land was to enter into joint venture agreements ("JVAs") with certain third parties to acquire and build land inventories, and subdivide, service and sell those lands as single and multi-family development properties. The JVAs allowed UBG to participate in a broader range of products with a lower up front capital cost.
83. The time horizon for development was long term as the majority of the land inventories remain bare land and are not yet under development.
84. UBG's legal counsel and the Monitor commenced a review of the JVAs to confirm UBG's ownership percentage, the status of each JV and whether the JVAs are in good standing. The JVAs contain numerous provisions in respect of default, prohibitions of sale, assignment or transfer which are complicated and will take time to assess. The review has revealed that there appears to be only one JVA that has any substantive value.
85. In addition to the foregoing, UBG Land owned 21 lots located near Strathmore, Alberta. Those lots are financed by ABC Capital. A realtor was retained and the lots were listed for sale. Offers have been received and accepted on four of the lots. The sales prices were equal to or greater than the listing prices. As a result of the current Alberta economic downturn, no offers were received on the lots for several months. The realtor recommended that the pricing of the lots be reduced to attract additional offers. The Monitor discussed the suggested price reduction with representatives of the ABC Capital investors in UBG Land and they agreed that the lot prices should be reduced as recommended and were put in place the first week of June 2015.

INVESTORS

86. The Company attracted investment through its Unity Investments division as described in the Second Report and more fully in the May 8th Friesen Affidavit.

87. There are approximately 227 individual investors invested through Unity Investments, ABC Capital and ABC US Capital.
88. Certain amounts have been distributed to the investors in ABC Capital in connection with the Sterling Bridge financing of Today's Homes and proceeds realized upon closing single family house sales where the lot purchase was financed by ABC Capital.
89. On or about May 22, 2015 the Monitor issued distributions of approximately \$449,000 and \$779,000 to the Series A and Series A3 investors of ABC Capital, respectively.
90. The Monitor will continue to make distributions when sufficient funds are available and releasable.
91. In respect of the multi-family projects, amounts to be recovered by the Unity Investments investors will depend on the quantum of proceeds realized from the sale of condominium units or from the property on those projects where the entire project has been sold, quit claimed or conveyed to the secured lender. Investors in the multi-family projects Murals, Origins, Mountaineers II, South Terwilligar and VOP as noted above will realize some recovery on their investments.

TAX RETURNS

92. Pursuant to an order granting the Monitor certain enhanced powers issued on December 2, 2013 (the "Enhanced Powers Order"), the Monitor has been working to assist UBG to complete tax returns and GST returns for the various UBG entities.
93. The Monitor has completed certain tax returns and associated filings which were required to be filed. Additional tax information may be filed by the Monitor if and when required.
94. The Monitor continues to work on filing GST returns for the various UBG entities.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

95. The Monitor supports the Company's request for an extension of the stay of proceedings from June 30, 2015, 2015 to September 30, 2015 for the following reasons:

- a) The Company is acting in good faith and with due diligence in its restructuring efforts;
- b) The Company has made significant progress in respect of its restructuring. It is implementing exit strategies in respect of the Canmore marketplace, selling projects and assets that are uneconomic, completing construction on both single family and multi-family projects and emerging GHG and GEH from these CCAA Proceedings;
- c) The Company requires additional time to assist the Monitor in resolving various claims, completing tax filings and to address certain construction deficiencies; and
- d) An extension will provide the Company with an opportunity to continue to monetize certain of its assets, under the supervision of this Court, which is expected to maximize recoveries for all stakeholders.

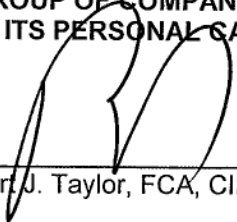
CONCLUSION AND RECOMMENDATION

96. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make orders granting the relief detailed in Paragraph 6 b) of this Report.

* * *

All of which is respectfully submitted this 24th day of June 2015.

**ERNST & YOUNG INC.
IN ITS CAPACITY AS CCAA MONITOR OF
THE UBG GROUP OF COMPANIES
AND NOT IN ITS PERSONAL CAPACITY**

Per: 
Robert J. Taylor, FCA, CIRP

Per: 
Alex Corbett, CA, CIRP

UNITY BUILDERS GROUP - CCAA PROCEEDINGS

APPENDIX A

South Terwillegar Village LP
 Proposed Interim Distribution
 As at June 23, 2015
 All amounts in CAD\$

Investor Name	Effective Date	Original Amount	Interest to date	Total Claim Amount	Proposed Interim Distribution
1257184 Alberta Ltd.	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
1306517 Alberta Inc.	2010/11/01	50,000.00	8,537.67	58,537.67	15,370.84
Blain, W. David	2010/11/01	200,000.00	34,150.68	234,150.68	61,483.38
CAPEX Projects Inc.	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Cyprium Holdings Inc.	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Eisenberg, Marla	2010/11/01	125,000.00	21,344.18	146,344.18	38,427.11
Harbin, Jo	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Houston, Robert and Kathie	2010/11/01	30,000.00	5,122.60	35,122.60	9,222.51
Ilenseer Holdings Limited	2010/11/01	50,000.00	8,537.67	58,537.67	15,370.84
James, Jimmy	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Kielstra Family Mortgage Investment Corp.	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Ostman, Brenda	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Ostrowski, Elizabeth	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Slaymaker, Reginald	2010/11/01	200,000.00	34,150.68	234,150.68	61,483.38
Vanderbuilt Homes Ltd.	2010/11/01	400,000.00	68,301.37	468,301.37	122,966.75
Wiens, Rick	2010/11/01	100,000.00	17,075.34	117,075.34	30,741.69
Total		1,955,000.00	333,822.95	2,288,822.95	601,000.00

UNITY BUILDERS GROUP - CCAA PROCEEDINGS

VILLAGE ON THE PARK LP

Preliminary Estimated Recovery Analysis

As at June 24, 2015

All amounts in CAD\$

		Notes
Cash in bank	3,746,198	
Professional fees outstanding	(43,418)	
Contingency	(50,000)	1
Funds available for distribution	<u>3,652,780</u>	
Valid lien and secured claims	-	
Funds available for unsecured creditors	<u>3,652,780</u>	
Accepted unsecured claims	382,183	2 & 3
Remaining funds for unitholders	<u>3,270,598</u>	
% distribution to unsecured creditors	100%	
Lear principal priority claim	<u>3,000,000</u>	
Funds to be allocated to unitholders	<u>270,598</u>	
Lear (50%)	135,299	
UBG (50%)	135,299	

Notes

Note 1 - Contingency for administrative costs and professional fees to completion.

Note 2 - Assumes late valid claims accepted as follows.

Conasys Consumer Assurance Systems Inc.	17,353
Nu-Glo Maintenance Inc.	<u>221</u>
	17,574

Note 3 - Assumes that late the claim filed by Condominium Corporation 1024214 in the amount of \$59,655 is deemed to be valid by the Monitor and is admitted by the Court.

UNITY BUILDERS GROUP - CCAA PROCEEDINGS
VILLAGE ON THE PARK LP
Preliminary Estimated Recovery Analysis
As at June 24, 2015
All amounts in CAD\$

Creditor name	Claim amount		Accepted claims	
	VOP Inc.	VOP LP	Secured	Unsecured
	<i>Notes</i>		<i>1</i>	<i>1</i>
Acuity Engineering & Consulting Services	-	2,835.00	-	2,835.00
Alberta Traffic Supply Ltd.	-	5,434.06	-	5,434.06
Arrow Engineering Inc.	-	1,134.00	-	1,134.00
Cam Interior Contracting	-	94.50	-	94.50
Canada Revenue Agency -GST	-	36,148.24	-	36,148.24
Carpet Supermarket Sales Ltd.	-	29,835.92	-	-
Concept Electric Ltd.	109,664.69	109,664.69	-	1,979.93
Diversified Staffing Services Ltd.	3,908.52	3,908.52	-	3,908.52
E.F. Gooch Architects Inc.	-	5,040.00	-	5,040.00
Executive Mat Service Ltd.	-	528.63	-	528.63
Fischer, Travis	-	10,568.25	-	-
Gypsum Drywall(Southern) Ltd.	-	138,520.67	-	-
Hunter Douglas Canada LP	-	9,257.35	-	9,257.35
IBI Group Inc./IBI Geomatics	-	17,330.25	-	17,330.25
Lear Construction Management Ltd.	23,742,526.07	23,742,526.07	-	-
Leonard, Timothy & Donna	-	13,965.00	-	-
Lionsafe Ltd	462.00	462.00	-	173.25
McLeod & Company LLP	-	10,169.78	-	17,928.53
MG Custom Woodwork Inc	42,210.00	-	-	-
Over & Above Renos & Contracting Ltd.	-	1,978.20	-	1,978.20
Paladin Security Systems Ltd.	-	10,206.00	-	10,206.00
Paula's On Site Cleaning Ltd.	-	1,344.00	-	1,512.00
Realty Executives-Devonshire Realty Inc.	203,279.57	203,279.57	-	174,395.20
Sheedy, Kathi/Gourmet Baskets	-	2,520.00	-	2,520.00
The Alberta New Home Warranty Program	284,024,532.52	284,024,532.52	-	500.00
The Bank of Nova Scotia	5,119,056.20	5,119,056.20	-	-
The Co-Operators	12,051.00	-	-	12,051.00
The Toronto-Dominion Bank	1,905,000.00	-	-	-
Westridge Cabinets (1993) Ltd.	-	26,108.81	-	-
Total	315,162,690.57	313,526,448.23	-	304,954.66
LATE CLAIMS				
Conasys Consumer Assurance Systems Inc.	18,509.96	-	-	17,353.09
Nu-Glo Maintenance Inc.	-	220.50	-	220.50
Condominium Corporation 1024214	<i>2</i>	-	-	-
Total	18,509.96	59,875.06	-	17,573.59
Grand Total	315,181,200.53	313,586,323.29	-	322,528.25

Notes

Note 1 - All accepted claims relate to Village on the Park LP. There are no valid claims against Village on the Park Inc.

Note 2 - The Monitor's assessment of the late claim filed by Condominium Corporation 1024214 is pending on additional information from the creditor.

PURCHASE AGREEMENT

South East Corner of Monteith Dr. And 3rd Street SE
High River, Alberta

THIS AGREEMENT is made as of the 9th day of January, 2015

BETWEEN:

Fennell Consulting Ltd.
(the "Buyer")

-and-

High Pointe Inc.
(the "Seller")

WHEREAS pursuant to an order (the "Initial Order") of the Court of Queen's Bench (Alberta) (the "Court") made as of the 9th day of May, 2012, the Vendor sought and obtained protection under the *Companies' Creditors Arrangement Act* (Canada);

AND WHEREAS pursuant to the Initial Order, Ernst & Young Inc. (the "Monitor") has been appointed as the monitor of the Seller;

AND WHEREAS as part of the Seller's restructuring efforts, the Seller and the Monitor have determined that it is in the best interests of the Seller to sell the Assets (as defined herein);

AND WHEREAS the Property (as defined herein) is subject to a Debenture Mortgage, dated March 31, 2011 (the "Debenture Mortgage"), whereunder the holders of units in the Debenture Mortgage have appointed from amongst themselves a representative committee (the "Investor Committee");

AND WHEREAS the Seller is the registered and beneficial owner of the Assets and the parties, with the support and direction of the Investor Committee and consent of the Monitor, have agreed upon the purchase and sale of the Assets on the terms set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements contained herein, the parties agree as follows:

ARTICLE 1
GENERAL CONTRACT PROVISIONS

1.1 Defined Terms

Where used in this agreement, unless the context otherwise requires, the following words and phrases will have the meanings set forth below:

"Acceptance Date" is the date on which this agreement is executed by the last of the Buyer, the Investors Committee, the Seller and the Monitor and must be a date within 30 days of the Offer Date to be valid.

- 2 -

"Approval and Vesting Order" means an Order of the Court: i) approving the within transaction; and ii) conveying title to the Assets to the Buyer free of claims of the Seller and any parties claiming through the Seller (other than in respect of the Permitted Encumbrances), which Order shall be in form and substance satisfactory to the Seller and the Buyer, acting reasonably, and of full force and effect, free of any stay or other impediment to execution.

"Assets" are the Property, if any, the Assumed Contracts and any and all Chattels.

"Assumed Contracts" Nil.

"Business Day" is every day except Saturdays, Sundays and statutory holidays in the Province of Alberta.

"Buyer's Solicitors" are: Murray MacKay Professional Corporation, Attention: Murray MacKay.

"Chattels" Nil.

"Closing Date" is the 60th day following satisfaction or waiver of all of the buyer's conditions set out in 3.4, or such other date as the parties may agree.

"Condition Date" is the 90th day after the Acceptance Date, or such earlier date as the buyer may waive the Buyers Condition Precedent.

"Contracts" are all contracts, agreements and arrangements related to the management of the property.

"Financing" is to be at the Buyer's election.

"Initial Deposit" is the sum of \$25,000.

"Interim Period" is the period of time from the Acceptance Date to the Closing Date.

"Lands" means the lands legally described in Schedule 1 hereto.

"Leases" Nil.

"Offer Date" is January 10, 2015.

"Permitted Encumbrances" are the encumbrances listed in Schedule 2 hereto.

"Property" is the Seller's freehold interest in the Lands as described in Schedule 1 hereto.

"Purchase Price" is the sum of \$900,000.

"Second Deposit" is the sum of \$75,000 due at the Condition Date.

"Seller's Solicitors" is Dentons Canada LLP, attention David Mann.

"Transferee" has the meaning given at section 5.4 of this Agreement.

1.2 Interpretation

Grammatical variations of any terms defined herein shall have similar meanings. Words importing the singular number shall include the plural and vice versa. Words importing the masculine gender shall include the feminine and neuter genders. The division of this agreement into separate sections, subsections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this agreement.

1.3 Binding Effect

This agreement shall enure the benefit of and be binding upon the parties hereto and their respective successors and assigns.

1.4 Time

Time shall be of the essence of this agreement.

1.5 Currency

All references to amounts of currency shall be deemed to refer to Canadian dollars.

1.6 Governing Law

This agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

1.7 Entire Agreement

This agreement and the schedules set forth constitute the entire agreement of the parties with respect to the transaction contemplated herein and supersede all prior agreements, arrangements and understandings relating to the subject matter hereof. There are no representations or warranties except as expressly set out herein.

1.8 Notices

Unless otherwise expressly specified herein, any notice to be given by either party to the other pursuant to this agreement or in relation to any of the transactions contemplated herein may be validly given if given in writing and delivered or sent by fax or email duly addressed as follows:

Buyer:	Fennell Consulting Ltd. or nominee 62 Spring Valley Place SW Calgary, AB T3H 4V1
	Attention: Art Fennell Email: art@rivnellprojects.com
With a copy to:	Murray Mackay Professional Corporation Suite 210, 3505- 32 nd St NE Calgary, Alberta T1Y 5Y9
	Attention: Murray MacKay

- 4 -

Email: murraymackay@albertalawyer.com

Seller: High Pointe Inc.
c/o Dentons Canada LLP
1500, 850 - 2nd Street SW
Calgary, Alberta T2P 0R8

Attention: David Mann
Email: David.Mann@dentons.com

With a copy to: Ernst & Young Inc., as Monitor to High Pointe Inc.
1000, 440 - 2nd Avenue SW
Calgary, Alberta T2P 6E9

Attention: Robert Taylor
Email: Bob.Taylor@ca.ey.com

Save for any notice contemplated in Section 3.4 any notice so given shall be deemed to have been received on the date of delivery or transmission of the same if completed by 5:00p.m. (Mountain Standard Time) on a Business Day or the next Business Day if delivered or transmitted after such time.

1.9 Tender and Closing Arrangements

Any tender or delivery of documents or money hereunder may be made upon the Seller or the Buyer or the solicitors acting for them. The Seller and Buyer acknowledge and agree that the exchange of closing funds, documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms agreed to by the said lawyers, which terms will be those that are customary for transactions of this type in Alberta.

1.10 Additional Documentation

The Seller and the Buyer covenant to execute promptly such further documents or instruments and to provide such assurances as may be necessary to give effect to this Agreement and to conclude the transactions set out herein in accordance with the provisions of this Agreement.

1.11 Commission

The Seller shall indemnify the Buyer from and against all claims for commissions and brokerage fees from all brokers which relate to the transactions contemplated by this agreement. The Buyer confirms that it has not retained the services of any broker or agent on this transaction.

1.12 Offer

This Offer is irrevocable by the Buyer and is open for acceptance by the Investor Committee until 11:59 p.m. (Mountain Standard Time) on January 9, 2015, the Offer Date. Acceptance shall be evidenced by the return to the Buyer by such time of confirmation of acceptance by the Investor

Committee. Following acceptance by the Investor Committee, the Seller shall have 30 days to accept the Offer and obtain Monitor approval.

ARTICLE 2
PURCHASE AND SALE

2.1 Agreement to Purchase

Subject to the terms and provisions hereof, the Seller shall sell the Assets to the Buyer and the Buyer shall purchase the Assets from the Seller on the Closing Date.

2.2 Payment

The Purchase Price shall be paid and satisfied by the Buyer as follows:

Full Purchase price	\$900,000
Initial deposit	(25,000)
Second Deposit	(75,000)
Balance due at Closing	<u>\$800,000</u>

Unless otherwise agreed, all amounts payable in respect of the Purchase Price shall be paid to the Seller's solicitors by solicitor's trust cheque, wire transfer, in cash, or by cheque certified by, or draft of, a Canadian chartered bank to be released as applicable on the Closing Date.

2.3 Adjustments

The adjustments in the Purchase Price, if any, shall be made between the parties on the Closing Date in accordance with the usual practice for prepayments of expenses and revenues by the appropriate cash payments or allowances.

2.4 Goods and Services Tax

The Buyer shall be responsible for any goods and services tax (the "GST") payable with respect to the purchase of the Assets. The Buyer is a registrant pursuant to the *Excise Tax Act* (Canada) for GST purposes. The Buyer or the Transferee shall provide the Seller with the declaration contemplated by Section 6.2(b) on the Closing Date.

ARTICLE 3
PRE-CLOSING MATTERS

3.1 Deliveries

Forthwith after the Acceptance Date, the Seller shall deliver to the Buyer documents related to the Assets that are in its possession.

3.2 Access and Consultation

- (a) From and after the Acceptance Date the Seller shall make available to the Buyer and its authorized representatives access to the Property to carry out all, at the expense of the Buyer, such non-destructive inspections as the Buyer and its authorized representatives deem necessary or advisable.

- 6 -

- (b) During the Interim Period, the Seller may carry on its development programs for the Property (if any) and will inform the Buyer of its status from time to time upon the Buyer's request. Such programs (if any) shall not prejudice the rights of the Buyer.

3.3 Risk

The Property shall be and remain to the Closing Date at the risk of the Seller.

3.4 Buyer's Conditions

The obligation of the Buyer to complete the transaction on the Closing Date is subject to the following conditions precedent being satisfied or waived:

- (a) The Buyer shall give written notice to the Seller by 11:59 pm (Mountain Standard Time) on the Closing Date setting out that:
- (i) the Buyer has received the approval of its board of directors (in their sole discretion) to proceed with this transaction;
 - (ii) the Buyer is satisfied, in its sole discretion, with its reviews, inspections and due diligence with respect to the Property; and
 - (iii) the Buyer is satisfied, in its sole discretion, with its redesign of the property and subject to review and approval of the regulating authorities having jurisdiction.

3.5 Seller's Conditions

The obligation of the Seller to complete the transaction on the Closing Date is subject to the following conditions precedent being satisfied or waived:

- (a) all representations and warranties of the Buyer contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date; and
- (b) the Buyer shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date.

3.6 Conditions to Closing

The obligation of the Buyer and the Seller to proceed with the closing of the transaction is conditional upon the Seller obtaining the Approval and Vesting Order.

ARTICLE 4 TITLE

4.1 Conveyance

The Seller shall cause: i) a registrable transfer of land in standard form, and ii) a certified copy of the Approval and Vesting Order, to be delivered to the Buyer's Solicitors conveying legal and beneficial title to the Property on the Closing Date, free and clear of all restrictions, charges, liens, encroachments and encumbrances save for the Permitted Encumbrances.

4.2 Basis of Transaction

The Buyer acknowledges and agrees that, except as may otherwise be expressly stated in this Agreement, it is entering into this Agreement and will be purchasing the Assets on an "as is - where is" basis and there are no representations, warranties or conditions, whether express or implied (by law or by equity), with respect to the Assets including without limitation any representation, warranty or condition respecting the environmental condition, presence of hazardous substances or any other environmental matter concerning the Assets, the merchantability of the Assets, the condition, quality or fitness for any particular purpose or the Assets, the conformity of the Assets to any description, or any warranty of title with respect to the Assets. The Buyer acknowledges that it has conducted or will conduct its own independent inspection and investigation of the Assets and is satisfied with the Assets and every part thereof in all respects.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Seller's Representations

The Seller represents and warrants (and acknowledges that Buyer is relying upon such representations and warranties in connection with the purchase by the Buyer of the Assets) that:

(a) **Incorporation**

The Seller is a valid and subsisting corporation under the laws of Alberta and is a resident of Canada for purposes of the *Income Tax Act* (Canada) with all powers, licenses, permits and rights which it requires to carry on its business.

(b) **Authority**

Subject to Clause 3.6, the Seller is the legal and beneficial owner of the Property and has good right and full power and authority to execute and deliver this agreement and all other documents and things to be executed, delivered and done by it and to incur and carry out all obligations provided for herein. The performance of the Seller's obligations hereunder is not in conflict with, and does not constitute a default under, any terms, provisions or conditions of its charter, articles or by-laws, or any other agreement to which it is a party.

5.2 Buyer's Representations

The Buyer represents and warrants (and acknowledges that Seller is relying upon such representations and warranties in connection with the sale by the Seller of the Assets) that:

(a) **Incorporation**

The Buyer or its nominee is a valid and subsisting corporation under the laws of Alberta, and is a resident of Canada for purposes of *Income Tax Act* (Canada) with all powers, licenses, permits and rights which it requires to carry on its business at the Closing date.

(b) **Authority**

The Buyer has good right and full power and authority to execute and deliver this agreement and all other documents and things to be executed, delivered and done by it and to incur and carry out all obligations provided for herein. The performance of the Buyer's obligations hereunder is not in conflict with, and does not constitute a default under, any terms, provisions or conditions of its charter, articles or by-laws, or any other agreement to which it is party.

5.3 Survival of Representations and Warranties

The Buyer and Seller each acknowledge and agree that the representations, warranties and covenants given by each of them herein shall be deemed to have been made again at the Closing Date and are being relied upon by the Seller and the Buyer, respectively. The representations and warranties of the Buyer and the Seller contained in Article 5 shall not merge on the closing of the transaction contemplated herein but shall survive beyond the Closing Date for a period of one (1) year.

5.4 Transfer of Title

The Buyer, once Conditions have been met, may arrange for the Title to be taken in the name of a new corporation, to be incorporated for that purpose (the "Transferee").

ARTICLE 6 CLOSING

6.1 Closing Deliveries of Seller

On or before the 2nd Business Day before the Closing Date, the Seller shall deliver to Buyer's Solicitors, on trust conditions customary for a transaction of this type in Calgary, Alberta:

- (a) a registrable transfer of land in standard form and a certified copy of the Approval and Vesting Order, as contemplated in section 4.1 hereof;
- (b) all title documents, real property reports and surveys relating to the Property in the Seller's possession or control;
- (c) a certificate of an officer of the Seller setting out that the Seller is not a non-resident of Canada within the meaning and intended purpose of Section 116 of the *Income Tax Act* (Canada);
- (d) a statement of adjustments, if any;
- (e) such further documentation relating to the completion of the transaction contemplated hereunder as may be:
 - (i) requested by the Buyer acting reasonably;
 - (ii) required by law and/or any Government Authority; or
 - (iii) the usual practice of a buyer's solicitor in the Province of Alberta to request in completing purchase transactions involving Alberta commercial properties.

All documents to be executed and delivered by the Seller to the Buyer shall be in form and substance satisfactory to the Buyer's Solicitors acting reasonably.

6.2 Closing Deliveries of Buyer

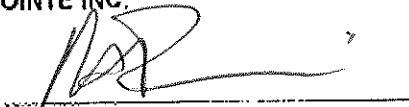
On the Closing Date, the Buyer shall execute and deliver to Seller or shall direct its Solicitor to deliver to the Seller, as applicable:

- (a) the balance of the Purchase Price due on the Closing Date;
- (b) a declaration in form and substance satisfactory to the Seller and its solicitors, acting reasonably, of an officer of the Buyer, setting out that the Buyer or Transferee, as applicable: i) holds registered title to the Assets as nominee; ii) is a GST/HST registrant under the *Excise Tax Act* and its registration number; and iii) will be remitting all GST/HST exigible on the sale of the Assets, together with an indemnity in form and substance satisfactory to the Seller and its solicitors whereby the Buyer indemnifies the Seller from the failure of the Buyer to pay GST/HST exigible on the sale of the Assets;
- (c) such further documentation as may reasonably relate to the completion of the transaction contemplated hereunder as shall be:
 - (i) requested by the Seller, acting reasonably;
 - (ii) required by law and/or any Government Authority; or
 - (iii) the usual practice of the seller's solicitor in the Province of Alberta to request in completing purchase transactions involving Alberta commercial properties.

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument, and each counterpart may be delivered by facsimile, e-mail or other electronic means and such delivery will be of the same effect as the delivery of an originally executed document.

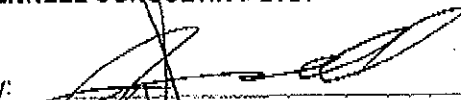
IN WITNESS WHEREOF the parties have executed this agreement.

HIGH POINTE INC.

By: 

Date: Jan 26/15

FENNELL CONSULTING LTD.

By: 

Date: January 9, 2015

This Agreement is acknowledged and approved by:

Ernst & Young Inc., in its capacity as Monitor of High Pointe Inc. and High Pointe Limited Partnership

By: _____

Date: _____

The Investor Committee, for and on behalf of all of the holders of units in the Debenture Mortgage

By: 

Date: January 9, 2015

6.2 Closing Deliveries of Buyer

On the Closing Date, the Buyer shall execute and deliver to Seller or shall direct it's Solicitor to deliver to the Seller, as applicable:

- (a) the balance of the Purchase Price due on the Closing Date;
- (b) a declaration in form and substance satisfactory to the Seller and its solicitors, acting reasonably, of an officer of the Buyer, setting out that the Buyer or Transferee, as applicable; i) holds registered title to the Assets as nominee; ii) is a GST/HST registrant under the *Excise Tax Act* and its registration number; and iii) will be remitting all GST/HST exigible on the sale of the Assets, together with an indemnity in form and substance satisfactory to the Seller and its solicitors whereby the Buyer indemnifies the Seller from the failure of the Buyer to pay GST/HST exigible on the sale of the Assets;
- (c) such further documentation as may reasonably relate to the completion of the transaction contemplated hereunder as shall be:
 - (i) requested by the Seller, acting reasonably;
 - (ii) required by law and/or any Government Authority; or
 - (iii) the usual practice of the seller's solicitor in the Province of Alberta to request in completing purchase transactions involving Alberta commercial properties.

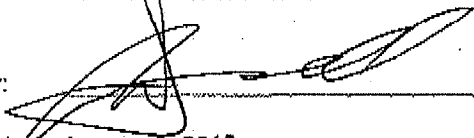
This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed, shall be deemed to be an original and all of which taken together shall constitute one and the same instrument, and each counterpart may be delivered by facsimile, e-mail or other electronic means and such delivery will be of the same effect as the delivery of an originally executed document.

IN WITNESS WHEREOF the parties have executed this agreement.

HIGH POINTE INC.

FENNELL CONSULTING LTD.

By: _____

By:  _____

Date: _____

Date: January 9, 2015 _____

This Agreement is acknowledged and approved by:

Ernst & Young Inc., in its capacity as Monitor of High Pointe Inc. and High Pointe Limited Partnership

The Investor Committee, for and on behalf of all of the holders of units in the Debenture Mortgage

By:  _____

By:  _____

Date: 25/01/15 _____

Date: January 9, 2015 _____

SCHEDULE 1

Property Address: South East Corner of Monteith Dr. and 3rd Street SE
High River, Alberta

Property Description: A partly improved parcel of approximately 1.96 acres

Offer Date: Janaury 9th 2015

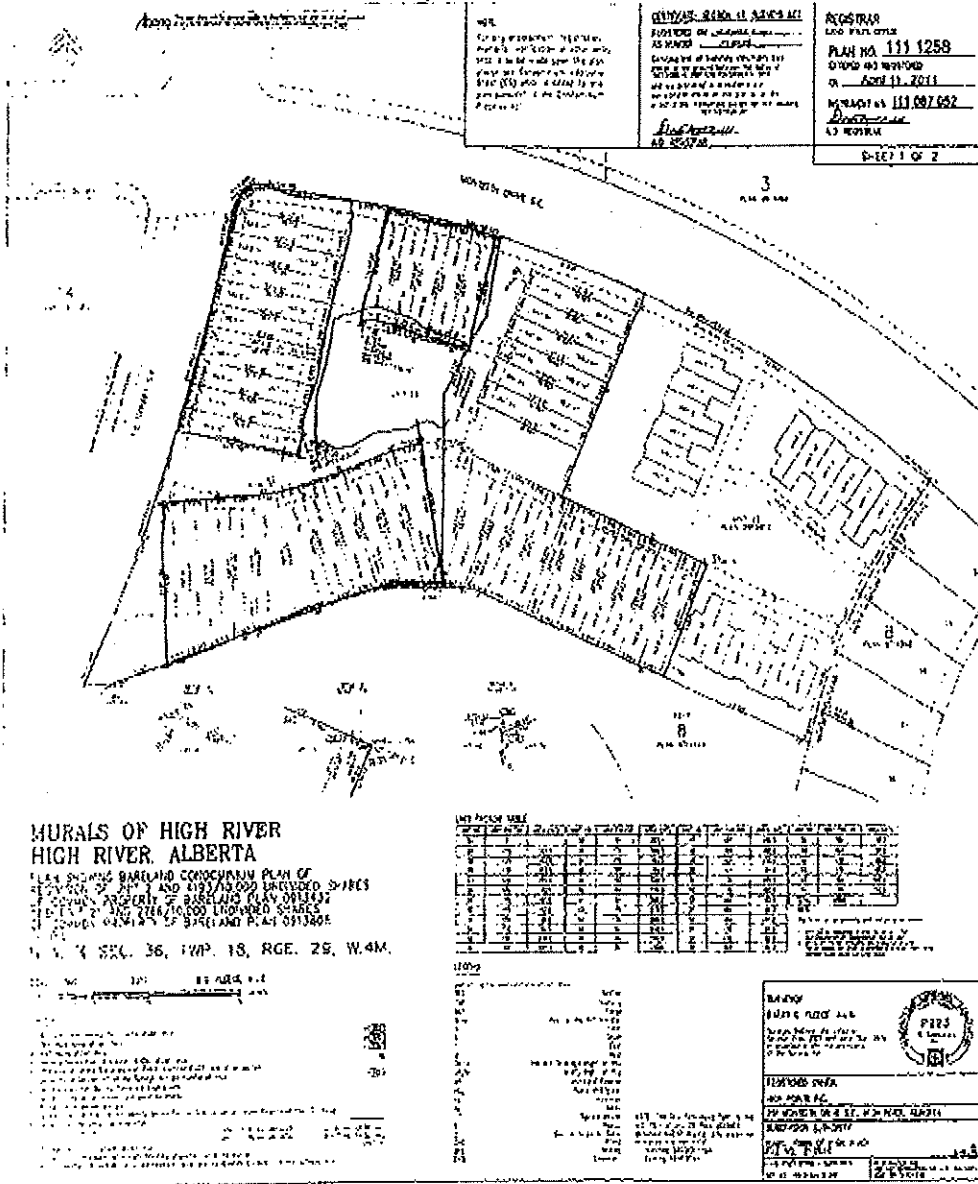
Legal Description: Condominium Plan 1111258
Units 34 to 58 inclusive
Excepting there out all mines and minerals
As shown on Schedule 3 and outlined in Red

SCHEDULE 2

PERMITTED ENCUMBRANCES

1.	071431263 29/08/2007	Caveat Re: Easement and Restrictive Covenant
2.	071478 439 24/09/2007	Restrictive Covenant
3.	081454 804 08/12/2008	Utility Right of Way Grantee- Fortis Alberta Inc.
4.	091219 533 29/07/2009	Caveat Re: Access Agreement Caveator -The Town of High River c/o 3098 Maclead Trail SW High River Alberta T1V 125
5.	091219 534 29/07/2009	Caveat Re: Easement
6.	091219 535 29/09/2009	Caveat Re: Easement
7.	111024 597 19/01/2011	Caveat Development Agreement Pursuant to Municipal Government Act Caveator- The Town of High River c/o 309B Maclead Trail SW High River Alberta T1V 125 Agent- Angie Lucas
8.	071431 261 29/08/2007	Utility Right of Way Grantee – the Town of High River (pertaining to Units 44 – 58)

SCHEDULE 3



MURALS OF HIGH RIVER
HIGH RIVER, ALBERTA

FILE SHOWING BARLAND CONCORDUM PLAN OF
SECTION 36, TWP. 18, RGE. 29, W. 4M.
OF COUNTY OF ALBERTA (PLAN OF)
15-1-1-1 AND 15-1-1-2 (LINDSAY SQUARES)
OF COUNTY OF ALBERTA (PLAN OF)

15-1-1-1 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-2 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-3 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-4 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-5 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-6 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-7 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-8 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-9 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-10 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-11 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-12 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-13 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-14 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-15 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-16 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-17 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-18 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-19 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-20 SEC. 36, TWP. 18, RGE. 29, W. 4M.

Parcel No.	Area (Acres)	Owner	Notes
1	0.12	...	...
2	0.12	...	...
3	0.12	...	...
4	0.12	...	...
5	0.12	...	...
6	0.12	...	...
7	0.12	...	...
8	0.12	...	...
9	0.12	...	...
10	0.12	...	...
11	0.12	...	...
12	0.12	...	...
13	0.12	...	...
14	0.12	...	...
15	0.12	...	...
16	0.12	...	...
17	0.12	...	...
18	0.12	...	...
19	0.12	...	...
20	0.12	...	...

11000

15-1-1-1 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-2 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-3 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-4 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-5 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-6 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-7 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-8 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-9 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-10 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-11 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-12 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-13 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-14 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-15 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-16 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-17 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-18 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-19 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-20 SEC. 36, TWP. 18, RGE. 29, W. 4M.

15-1-1-1 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-2 SEC. 36, TWP. 18, RGE. 29, W. 4M.
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15-1-1-4 SEC. 36, TWP. 18, RGE. 29, W. 4M.
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15-1-1-7 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-8 SEC. 36, TWP. 18, RGE. 29, W. 4M.
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15-1-1-12 SEC. 36, TWP. 18, RGE. 29, W. 4M.
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15-1-1-17 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-18 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-19 SEC. 36, TWP. 18, RGE. 29, W. 4M.
15-1-1-20 SEC. 36, TWP. 18, RGE. 29, W. 4M.

Big lines had to be subtracted

[Signature]

[Signature]