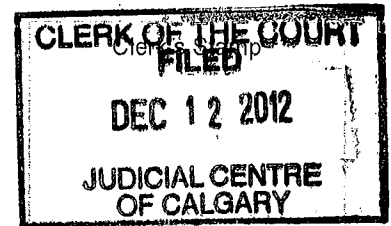


COURT FILE NUMBER 1201-05843
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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., EGewater 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 SEVENTH REPORT OF ERNST & YOUNG INC. AS CCAA MONITOR OF THE UBG GROUP OF COMPANIES

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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 six 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 September 14, 2012, the stay of proceedings under the Initial Order was extended to December 14, 2012.
4. There was one Court application since the extension of the stay of proceedings, on October 17, 2012 in connection with the Canadian Western Bank ("CWB") Protocol on the Valour Park Project. Pursuant to a Court Order made on October 17, 2012 the CWB Protocol was approved.
5. 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.
6. Capitalized terms not defined in this seventh report are as defined in all Reports and orders previously issued in respect of these CCAA Proceedings.

Purpose of this Report

7. The purpose of this seventh report ("Report") is to:
 - a) Provide an update on the Company's restructuring efforts since the Initial Order;
 - b) Provide a status update on certain of the Company's development projects;
 - c) Comment on the Company's projected statement of cash flow for the period ending March 31, 2013;
 - d) Support the Company's request for an extension of the CCAA Proceedings to March 22, 2013; and

- e) Respectfully recommend that this Honourable Court make orders:
- Approving the listing for sale of the property of the Mountaineers II Project, located in Canmore, Alberta;
 - Approving the interim financing arrangements and priority charges in respect of Valmont at Aspen Stone Limited Partnership (“Valmont”);
 - Directing that 10 condominium units owned by Timberline Lodges Limited Partnership be quit claimed to Canada ICI Capital Corporation (“ICI”) in connection with ICI’s security over those 10 condominium units;
 - Approving the sale of the Wilderness Project to Highfield Stock Farm Inc. (“Highfield”) or that of its nominee, as described in this Report;
 - Approving the sale of the building owned by UBG 75 Canmore Limited Partnership (“UBG 75”) to Alina Constantine Professional Corporation and Gert Du Plessis Professional Corporation (“The Prof. Corps”) and vesting in The Prof Corps, as of closing, title to the UBG 75 Building, free and clear of all liens, charges, security interests and encumbrances other than those as set out in the purchase and sale agreement, and directing Alberta Land Titles to register title to the UBG 75 Building in the name of The Prof. Corps or in that of their nominee, as described in this Report;
 - Directing the property owned by UBG 808 Calgary Limited Partnership (UBG’s head office) be quit claimed to ICI in connection with ICI’s security over the property as a result of an unsuccessful sales process for the head office resulting in no offers being made in excess of amounts owed to ICI; and
 - Extending the stay of proceedings under the Initial Order to March 22, 2013.

Terms of Reference

8. 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 performed an audit or other verification of such information. An examination of the Company’s financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. 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

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

BACKGROUND

Overview

10. 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.
11. The Company’s corporate headquarters is located in Calgary, Alberta, as is the managerial and administrative staff. Additional employees are located in Edmonton and at various project sites.
12. 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

13. Since the date of the Initial Order, the Company continues to focus on stabilizing its operations and assessing its various projects. Those efforts continue and include:
 - a) Implementing controls, policies and procedures;
 - b) Reviewing each of the projects to assess viability, asset values, associated obligations, costs to complete (where applicable) and required resources;
 - c) Cost reduction, such as employee layoffs, cancelling certain contracts, and reviewing all areas in respect of its administrative processes and expenses;
 - d) Continuing to market all projects (excluding UBG USA). In that regard, UBG has accepted 144 offers on existing or under-construction Residential Units since the date of the Initial Order;
 - e) Continuing to close Residential Units. UBG has closed 137 homes since the date of the Initial Order. A schedule identifying these home closings is provided as Appendix “A”;
 - f) Meeting with certain Company lenders;

- g) Meeting with representatives of Alberta New Home Warranty Program (“ANHWP”);
- h) Meeting with the suppliers of materials and services (“Trades”);
- i) Holding various investor meetings and telephone conference calls related to those UBG projects where investor funds have been invested;
- j) Working with stakeholders in various Canmore projects to facilitate an orderly withdrawal from that marketplace;
- k) Developed and implemented Protocols with Alberta Treasury Branches (“ATB”), Canada ICI Ltd. (“ICI”) The Bank of Nova Scotia (“Scotiabank”), The Toronto-Dominion Bank (“TD”), CWB, Stahl General Contracting Inc. (“Stahl”) and Sterling Bridge Mortgage Corporation (“Sterling Bridge”);
- l) Negotiated with Scotiabank the amended Protocol in respect of the Valmont project;
- m) Negotiated a purchase and sale agreement in respect of UBG 75;
- n) Accepted a letter of intent in the amount of \$4,180,000 in respect of The Village at Laurels.
- o) Entered into negotiations respecting the return of UBG’s head office and 10 Residential Units located in the Timberline project to ICI;
- p) Negotiated a purchase and sale agreement with Highfield Stock Farm Inc. in respect of a sale of the Wilderness project;
- q) Working with stakeholders to complete the Murals at High Pointe Project;
- r) Worked with the Monitor and its legal counsel to conclude the claims process and commence the assessment of claims (discussed in more detail later in this Report);
- s) Worked closely with the Monitor to develop financial analyses and cash flows in respect of each of its various projects;
- t) Worked with its advisors regarding the development of emergence strategies and meetings with various potential strategic partners;
- u) Advising stakeholders that the Company is continuing to operate on a business as usual basis in the context of these CCAA Proceedings; and
- v) Dealt with various lienholders in connection with the establishment, maintenance, verification and payment of various lien claims.

CLAIMS PROCESS AND CREDITORS

Claims Process

14. The processes to be followed in respect of creditor claims were set out in the Claims Procedure Order and the Reverse Claims Procedure Order granted by the Court on June 15, 2012 and detailed in the Fifth Report. The Monitor has conducted the claims process pursuant to the Claims Procedure and Reverse Claims Procedure Orders. The Monitor has received a total of 1,158 claims totalling in excess of \$630 million. The Monitor has also received 43 claims subsequent to the Claims Bar Date.
15. These claims are under review by the Monitor and UBG and a recommendation in respect of acceptance or disallowance of such claims will be placed before the Court at a later date.
16. A summary of the claims received and progress in respect of the Claims Procedure and Reverse Claims Procedure is summarized below.

Secured Claimants

17. Secured claims were received from 97 secured creditors. Pursuant to the Claims Procedure Order, the Monitor was provided with 30 days from receipt of a secured claim to determine its validity. In the case of secured claims in which mortgage security is claimed, the Monitor had 15 days.
18. The Monitor has reviewed the secured claims. Several have been accepted by the Monitor as filed; however, the Monitor has issued Notices of Revision or Disallowance as required. The Notices of Revision or Disallowance were issued by the Monitor for several reasons including; the quantum claimed by the creditor did not agree to UBG's books and records and could not be reconciled, claims were filed as secured but no security agreement was provided or registered pursuant to various Provincial registries, claims included amounts for services or materials provided to UBG post May 9, 2012, claims were filed against the incorrect UBG entity, and certain claims are contingent in nature and will only represent a valid claim if home building lots are not purchased or houses are not constructed and delivered to the respective customer.
19. The Monitor has received several Dispute Notices from claimants who dispute their secured claims as set out in the Notices of Revision or Disallowance. The Monitor is reviewing the Dispute Notices to determine if a resolution can be consensually arranged, failing which the Monitor or UBG will apply to the Court for a determination of the value, status and priority of such claims. As a result of the volume of claims received and the complexity of same, neither UBG nor the Monitor have taken steps to seek the formal adjudication of the dispute notices by way of Court applications. UBG and the Monitor are hopeful that a settlement of the majority of the claims in dispute can be resolved consensually.
20. The Monitor received several complex claims which could not be fully reviewed or determined within the time frame allotted in the Claims Procedure. By mutual consent and pursuant to the Claims Procedure Order, UBG the Monitor and the respective Claimant have extended the time to review and evaluate such claims. There were also claims received which did not include sufficient documentation to assess the claim. The Monitor has written to those Claimants requesting they submit additional documentation in support of their claims.

21. The Monitor with input from UBG is in the process of assessing the lien claims in respect of home sales that have closed and certain funds in respect of those lien claimants are held by Fraser Milner Casgrain LLP (“FMC”), UBG’s legal counsel. Certain liens have been verified by the Monitor and its legal counsel. Payments to lienholders have now commenced in respect of those valid lienholders from the funds held by FMC in connection with various Protocols in place with the lenders. It should be noted that certain creditors filed unsecured claims with the Monitor yet filed liens against certain properties under construction by UBG (the lands were owned by the developers). As a result, those claims were not addressed on as timely a basis as other lien claims as those parties filed as unsecured. The Monitor is reviewing those claims and payments will be made to those creditors provided the liens are valid liens.

Unsecured Claimants

22. Based on the information provided by UBG, approximately 570 creditors were estimated to be owed approximately \$81.5 million. The Monitor has received 587 unsecured claims totalling approximately \$122 million. UBG and the Monitor are in the process of reviewing the proofs of claim in order to assess the overall claims against UBG and the individual projects and entities.

SINGLE FAMILY PROJECTS

The Toronto-Dominion Bank

23. All Greenboro Estates Projects in respect of single family homes in Calgary are financed by, and subject to security in favour of TD. Details of each of Greenboro Estates Projects are contained in the Second Report and the May 8th Friesen Affidavit. All Greenboro Luxury Projects are financed by and subject to security in favour of TD.
24. The future development lots on which the homes are to be built are either held by the developers and will have to be paid for, or have been purchased by UBG through financing obtained from ABC Capital.
25. Sale of 11 Greenboro Estates houses have closed and FMC holds the proceeds from those sales in trust until they are distributed. The Monitor’s legal counsel reviewed TD’s security and has, subject to customary and specific qualifications, opined that the security constitutes legal, valid, binding and enforceable security. Accordingly, FMC has made partial distributions of the proceeds held in the amount of approximately \$1 million to TD. Additional distributions to TD from the funds held are expected to be made monthly as proceeds become available from closings.
26. Protocols were developed with TD to provide funding for ongoing operations, with the terms of such Protocols being approved by this Honourable Court on September 14, 2012. Pursuant to the TD Protocols between Greenboro Estates and TD, and between Greenboro Luxury and TD, the operations of Greenboro Estates and Greenboro Luxury continue. Houses are being sold, built and closed in the normal course for properties located at Castle Keep, Currie Barracks, Sage Meadows, and Westmere.
27. Trades continue to provide materials and services and are being paid for same. Each time a new house is sold and the sale is approved by TD, the Monitor advises the Trades that financing is in place in respect of such home so that Trades can be assured that they will be paid for materials and services provided.

28. There are a number of properties which closed prior to May 9 where certain "seasonal" work remains outstanding prior to the houses being complete. The Company estimates these costs to be approximately \$475,000. In respect of some of the "seasonal" work funds were held in trust to address these "seasonal" costs and in that regard UBG is completing the "seasonal" work. Currently there is no financing in place to address the "seasonal" work on some homes where funds were not held in trust for that purpose.
29. The Company has been developing CCAA emergence strategies for its single family projects operated by Greenboro Estates and Greenboro Luxury. Barring any unforeseen delays, Greenboro Estates and Greenboro Luxury expect to file a plan for emergence from their CCAA Proceedings prior to the end of the first quarter in 2013. The Company anticipates that plan will address, in addition to amounts owed to TD and ABC Capital, the pre May 9, 2012 amounts owed to Trades and any unfinished "seasonal" work for those home sales closed prior to May 9, 2012.

Alberta Treasury Branches

30. All of Greenboro Homes Projects in respect of single family homes in Edmonton are financed by, and are subject to security in favour of ATB. Details of each of these Projects are contained in the Second Report and the May 8th Friesen Affidavit.
31. The future development lots on which the homes are to be built are either held by the developers and will have to be paid for, or have been purchased by UBG through financing obtained from ABC Capital.
32. The ATB Protocol was developed as detailed in the Second and Third Reports. The ATB Protocol Order, approving the terms of the protocol, was granted by this Honourable Court on July 10, 2012.
33. Sales of 40 Greenboro Homes' houses have closed since May 9, 2012. FMC holds the proceeds from those sales in trust until they are distributed. The Monitor's legal counsel reviewed ATB's security and has, subject to customary and specific qualifications, opined that the security constitutes legal, valid, binding and enforceable security. Accordingly, FMC has made partial distributions of the proceeds held in the amount of approximately \$7 million to ATB. Additional distributions to ATB from the funds held are expected to be made monthly as proceeds become available from closings.
34. Currently there are 83 houses under construction which includes 47 pre-sold homes, 27 "spec" homes and 9 show homes.
35. There are several properties which closed prior to May 9 where certain "seasonal" work remains outstanding prior to the houses being complete. The Company estimates the "seasonal" costs to be approximately \$1.2 million and currently there is no financing in place to address these costs. UBG continues to explore all options to obtain financing to complete the "seasonal" work as soon as possible.
36. The Company has been developing CCAA emergence strategies for its single family projects operated by Greenboro Homes. Barring any unforeseen delays, Greenboro Homes expects to file a plan for emergence from its CCAA Proceedings prior to the end of the first quarter in 2013. The Company anticipates that plan will address, in addition to amounts owed to ATB and ABC

Capital, the pre May 9, 2012 amounts owed to Trades and any unfinished “seasonal” work for those home sales closed prior to May 9, 2012.

Sterling Bridge Mortgage Corporation

37. Certain of Today’s Homes’ single family homes (“Today’s Projects”) are now financed by Sterling Bridge. UBG entered into a lending agreement with Sterling Bridge to provide financing on the Today’s Projects up to \$6.0 million. The Sterling Bridge Protocol between Today’s Projects and Sterling Bridge and approved by this Honourable Court on September 14, 2012 governs the financing relationship. Details of each of the Today’s Projects are contained in the Second Report and the May 8th Friesen Affidavit.
38. The Today’s Projects were previously financed by ICI. The Monitor’s legal counsel reviewed ICI’s security and has, subject to customary and specific qualifications, opined that the security constitutes legal, valid, binding and enforceable security. From sales proceeds realized on the closing of Today’s Projects homes and from funds advanced by Sterling Bridge, ICI loans on the Today’s Projects were paid out in full.
39. The future development lots on which the homes are to be built are held by the developers and will have to be paid for, or have been purchased by UBG with financing from ABC Capital.
40. A summary of the five areas in which Today’s Projects are ongoing was provided in the Second Report.
41. Sterling Bridge has advanced funds to Today’s Homes such that amounts owed to ABC Capital in respect of their secured claims and amounts owed to Trades, in respect of those Today’s Homes properties being financed by Sterling Bridge (three completed homes and 14 pre-sold homes) have been paid in full.
42. There are four pre-sold homes that are not financed by Sterling Bridge as costs incurred up to May 9, 2012 and costs to complete those homes will exceed the sales proceeds by more than \$75,000 per home. UBG and the Monitor are in discussions with ABC Capital investors and are exploring options to complete construction on these homes for the benefit of the various stakeholders.
43. Today’s Homes’ is considering a CCAA emergence strategy; however, the timing of advancing any plan is currently unknown.

Mystic Ridge

44. Mystic Ridge is a single family project located in West Calgary comprising three phases. Phase 1, consisting of 38 homes is 95% complete. Phases 2 and 3, comprising approximately 13.5 acres, are currently bare land with plans to construct 39 homes on the two phases.

45. In February 2006, UBG entered into a joint venture agreement (the "Montreaux JVA") with Caleron Properties Ltd. ("Caleron") and Ronald Slater ("Slater"). UBG Land is the assignee of UBG¹.
46. Under the Montreaux JVA, UBG Land has an undivided interest in Mystic Ridge which is an integral component of the Company's long term land investment portfolio and house building business. The Company intends to develop Phase 2 and 3 of the Mystic Ridge Lands.
47. The respective interests of UBG Land and Caleron in the Montreaux JVA have been adjusted by Court Order (resulting from arbitration concluded between the parties prior to these CCAA Proceedings) and UBG Land is presently the beneficial owner of approximately 75% of the Montreaux JVA.
48. On July 10, 2012, Caleron purported to exercise an option to purchase UBG Land's interest in the Montreaux JVA. It is UBG's view, with which the Monitor concurs, that Caleron is stayed by virtue of the CCAA Proceedings from exercising any purported option to purchase the majority interest of UBG Land in the Montreaux JVA.
49. There are two mortgages registered against the Land, in favour of Provident Mortgage Corp. ("Provident") and Neufeld Capital Inc. ("Neufeld") respectively. Both mortgages total approximately \$900,000 including interest. On May 25, 2012, Neufeld commenced foreclosure proceedings under its mortgage. Although the Monitor is of the view that any such foreclosure action is stayed by the CCAA Proceedings, the Monitor understands that Neufeld has indicated it will hold the foreclosure action in abeyance pending the conclusion of the CCAA Proceedings.
50. As noted in the Monitor's Fifth Report, TD is interested in financing the Mystic Ridge development of the Phase 2 and 3 lands as well as the construction of the 39 homes. The Monitor understands that both UBG and TD are in general agreement with the basic terms and conditions of the proposed financing but the terms remain subject to finalization of the documents. The financing would also provide for the payout of the Neufeld and Provident mortgages.
51. On December 5, 2012 the Monitor received a letter from Scott Venturo LLP ("SV"), legal counsel for Caleron and Slater. Among other things, the letter requests the Monitor instruct UBG Land to provide SV with a copy of the TD financing term sheets and suggests that continuing with the development of Phase 2 and 3 will result in some sort of financial loss; however, no particulars in respect of any loss were provided.
52. The Montreaux JVA governs the relationship among UBG, Caleron and Slater and any requirement by UBG to provide documents to Caleron and Slater is subject to the Montreaux JVA.
53. Based on the Mystic Ridge pro-forma financial information available to the Monitor, the development appears profitable and given the ongoing discussions between UBG and TD, it is likely to form an important role in the emergence of UBG's single family home operations from these CCAA Proceedings.

¹ The title to the Mystic Ridge Lands is currently held by a nominee company, 1199032 Alberta Ltd. ("1199032"), as bare trustee for UBG Land, Caleron and Slater under the Montreaux JVA. UBG Land and Caleron are the owners of 1199032, each with shareholdings proportionate to their interests in the joint venture. 1199032 is not a petitioner in the CCAA.

MULTI-FAMILY PROJECTS

Projects not under construction

54. Five of the Multi-Family Projects are either bare land or are in the planning stage as detailed in the Second Report and the May 8th Friesen Affidavit. A summary of the current status is detailed below.

Mountaineers II

55. Mountaineers II is a 1.89 acre site of raw land located in the Three Sisters area in Canmore, Alberta. UBG with the assistance of the Monitor solicited a listing proposal from a large independent real estate firm which indicated a suggested listing price of \$1.6 million. The site is bordered by a low income housing cooperative, a mixed use commercial/residential complex and the major artery of Three Sisters Parkway. The realtor with significant experience in the Canmore market has indicated such a property may bring a price in the range of \$850,000 per acre, for a total of approximately \$1.6 million.
56. Unity Investments holds security over this project and is owed approximately \$2.9 million. UBG is unable to service interest on the debt and is of the view that due to the depressed real estate market in Canmore, developing the project is uneconomic. Based on information available to the Monitor, it appears that there is only one additional secured creditor on Mountaineers II which is the Town of Canmore for outstanding property taxes.
57. UBG entered into discussions with Unity Investments more than five months ago for purposes of formulating a plan to address the property including having the investors purchase the property. The Monitor understands that the investors are not interested in purchasing the property nor do they want it sold. They would rather have UBG hold on to the property until such time as land prices in the Canmore area improve.
58. UBG is not able to maintain the property as there are no funds generated from bare land to cover past and ongoing property taxes, nor is there any indication that land prices in the Canmore area will improve in the near future.
59. UBG needs to exit the Canmore market as soon as practicable to eliminate costs of maintaining its Canmore properties. Consequently, UBG is of the view that the Mountaineers II lands should be immediately listed for sale at \$1.6 million. The Monitor will insure that the investors, should they so wish, have the ability to engage in the sales process without being subject to any real estate commissions.
60. The Monitor concurs with UBG's opinion and respectfully recommends that this Honourable Court approve UBG listing the Mountaineers II lands for sale for \$1.6 million as:
- UBG is unable to maintain the property and pay property taxes;
 - The investors are unwilling to purchase or accept a transfer of the property to them;
 - UBG needs to exit the Canmore market to reduce ongoing costs; and
 - The listing price of \$1.6 million appears to be fair market value in the circumstances.

The Ledges

61. The Ledges Project comprised 2.1 acres of raw land. Firm Capital Mortgage Fund Inc. was the only secured creditor and was owed approximately \$2.25 million.
62. A sale of the Ledges Project was approved by this Honourable Court on August 17, 2012 and the sale closed in mid-September 2012.

The Bridges

63. The Bridges is a .75 acre site located in the Bridgeland community in Calgary. There are two partners, Rose Calgary Bridges Limited Partnership ("Rose LP") and UBG Bridges Limited Partnership ("Bridges LP"). UBG owns 50% of Bridges LP through Evolution by Greenboro and Paycon Holdings Ltd. ("Paycon") owns the other 50% of Bridges LP.
64. UBG estimates the loan required to build out the project is approximately \$40 million. UBG has been unable to advance the development of this project.
65. UBG purchased its interest in the Bridges in December 2011 and January 2012 by way of two cheques to Rose LP, or its nominee, in the amount of \$900,000 and \$1,220,000 respectively. The cheques were issued by Evolution by Greenboro. The source of the \$2,120,000 was Greenboro Estates using TD loan funds which have not been paid back to Greenboro Estates by Evolution by Greenboro.
66. UBG and representatives of Rose LP have entered into discussions with a view to dealing with this project. Any resolution in respect of this project will require further approval of this Honourable Court.

Edgewater at Griesbach

67. The Edgewater at Griesbach is a 6.5 acre site. UBG has purchased one half of the site and retains an option to purchase the other half. The payment on the other half is due in March 2013; however, the required 15% deposit to retain this option has not been paid. ICI financed the purchase of the first half of the site and is owed approximately \$1.45 million. There is also a partner on this project.
68. UBG is unable to obtain financing and develop this project. The partner on this project has advised the Monitor that it is interested in purchasing the project. The Monitor has recently been provided with an appraisal of the property which indicates the value of the land is relatively consistent with the amounts owed to ICI and the partner.
69. The Monitor and UBG will be assessing the sale of the property with the partner over the next few weeks.

The Village at Laurels

70. The Village at Laurels is a 4.9 acre site comprising two parcels of undeveloped land. The project is to comprise 247 units. The Company has paid total deposits of \$795,752 to date. The balance

of the land purchase price is \$3,180,998 with \$1.63 million due in December 2012 and \$1,550,998 due in June 2013.

71. The Company's long term objective was to build on this site and the related plans were in the development stage. The Company was unable to obtain financing to pay for the lands and its \$795,752 deposit was at risk.
72. The Company has accepted a letter of intent ("LOI") for this project from Tamarack Place Two Ltd. ("Tamarack") for \$4,148,000. The LOI is subject to a purchase and sale agreement being entered into by December 17, 2012 and certain due diligence by Tamarack. The transaction is expected to close in May 2013.
73. The Monitor has not received any claims from creditors in respect of this project. The Purchase price being paid by Tamarack will result in UBG receiving funds approximately equal to the deposit it paid to the developer, Lehndorff Land General Partner Inc. ("Lehndorff"). Those funds will be used by UBG for general corporate purposes and to support its restructuring efforts.
74. UBG obtained an appraisal on The Village at Laurels property in September 2012 which was provided to the Monitor. The appraisal value of The Village at Laurels property is consistent with the purchase price being paid by Tamarack.
75. The Monitor is of the view that given the circumstances of this project and the September 2012 appraisal, the amount being paid by Tamarack is reasonable. The transaction is supported by Lehndorff. Upon Tamarack completing its due diligence, UBG anticipates making an application to this Honourable Court for approval of the sale of The Village at Laurels property to Tamarack.

Projects under Construction

Valmont

76. The project known as Valmont is a four phase condominium project located in south west Calgary comprising a total of 247 units in four buildings. It is being built under the Today's Communities brand. Building "B" is complete; Building "C" and "D" are currently under construction. Construction on Building "A" has not commenced. Construction on Building "D's" parking garage has commenced as the parking garage must be completed in order to obtain an occupancy permit for Building "C". Costs to complete Building "C" are estimated at \$4.9 million. The costs to complete Building "D's" parking garage are estimated to be \$1.2 million.
77. Building "C" contains 50 units. There are 32 pre-sold units. UBG is actively marketing the remaining units. UBG is also actively seeking pre-sales on proposed units in Building "D". There are 39 pre-sales in Building "D".
78. Construction on Building "C" was expected to be completed by December 31, 2012 with closings expected to commence in November 2012. Scotiabank agreed to provide financing on Building "C" pursuant to the Scotiabank Protocols as detailed in the Third Report and as approved by this Honourable Court on July 10, 2012.

79. Scotiabank did not advance funds as there was uncertainty in respect of the actual costs to complete Building "C" and financing was required to complete Building "D's" parking garage which was not in place.
80. The costs to complete Building "C" have now been quantified as well as the costs to build Building "D's" parking garage (to a stage where the Company can obtain occupancy of Building "C") so that construction on Valmont can resume.
81. UBG, with the assistance of its legal counsel and the Monitor, and Scotiabank have developed an amended Protocol in respect of the Valmont project which will provide for, among other things, funding from Scotiabank to continue construction on both Building "C" and the Building "D" parking garage. A copy of the funding agreement with Scotiabank is attached to the December 11, 2012 affidavit of Robert Friesen (the "December 11, 2012 Friesen Affidavit"). The Protocol effectively amends the initial Protocol in place to achieve the following:
- a) Scotiabank would be provided with a charge in its favour ranking in priority to the Administration Charge and the Directors' Charge (all defined in the Initial Order) on the Valmont assets for all future advances; and
 - b) Establish a mechanism to: i) fund and complete construction of homes under construction; ii) close the sales of homes that are under contract for sale; iii) market and sell, and to the extent required complete construction thereon, the remaining properties; iv) pay Trades amounts owed to them for materials and services provided subsequent to May 9, 2012; and v) repay the secured indebtedness to Scotiabank on as timely a basis as possible.
82. The Monitor met with the Trades working on the Valmont project to advise that funding provided by Scotiabank would be insufficient to pay pre May 9, 2012 amounts owed to them. There is little value in the completion of Building "C" and the Building "D" parking garage to support a greater loan amount than that being advanced by Scotiabank. Trades may have to wait until the remainder of Building "D" is completed and sales close to recover the pre May 9, 2012 amounts owed to them.
83. The Monitor is in support of the amended Scotiabank Protocol for Valmont and respectfully recommends that this Honourable Court make an order approving the Scotiabank Protocol for the following reasons:
- a) Selling units in the ordinary course will maximize recoveries in the Valmont project;
 - b) Trades will be confident that they will be paid for materials and services provided on an ongoing basis;
 - c) Building "C" is at risk of deteriorating and timely construction needs to commence to close in the building to protect it from the elements;
 - d) Other lenders and stakeholders who have no involvement with Valmont or South Terwillegar will not be prejudiced; and
 - e) The terms of the Scotiabank Protocol are supported by Valmont's key stakeholders.

South Terwillegar

84. The project known as South Terwillegar is a two phase 112 unit town home complex located in Edmonton, Alberta. Phase 1 is complete; all units are sold and closed. Phase 2 is under construction and comprises 42 units of which 36 units are pre-sold.
85. Scotiabank agreed to continue funding Phase 2 under the Scotiabank Protocols detailed in the Second and Third Reports and approved by the Court on July 10, 2012. Construction is nearing completion and sales are anticipated to start closing in October 2012.
86. The private investor brought to UBG's and the Monitor's attention some issues with respect to cost overruns. UBG also identified some possible construction deficiencies that needed to be rectified. Meetings have been held with the private investor and the Monitor is hopeful a timely resolution is available so that construction can continue and sales will commence closing prior to year end.

Murals

87. The project known as Murals is a three phase 59 town home unit complex located in High River, Alberta. Phase 1 is complete and all units have closed. Phase 2 comprises 16 units. All 16 units are occupied and complete with the exception of some seasonal and common area construction to be completed in the spring of 2013. Phase 3 comprising 25 units has not yet started.
88. Unity Investments is the only secured creditor and is owed approximately \$1.4 million. There is no other financing on the project.
89. The project is being built by Stahl who holds an interest in the project and according to the proof of claim filed with the Monitor, Stahl is owed approximately \$350,000 in respect of Trade debt incurred and \$248,000 in respect of his investment in the project.
90. UBG has been working with Stahl and a portion of funds generated from closings have been provided to him so that he can continue to build the project, all in accordance with a protocol agreement between Stahl and UBG. UBG is actively seeking a purchaser to assist it with completion of Phase 3 of the project.

Origins at Cranston

91. The Origins Project is a five phase multi-family development located in south east Calgary. It comprises a total of 140 units (24 town homes and 116 condominiums). One 48 unit condominium building and the 24 town homes are currently under construction.
92. ICI agreed to continue funding the 48 unit building and also agreed to provide new financing for the 24 town homes as detailed in the Third Report. The ICI Protocol was approved by this Honourable Court on August 20, 2012.
93. ANHWP advised it would not enroll the 24 town homes in its program without having an agreement in place with UBG to address warranty matters on all of the UBG projects. UBG obtained warranty coverage with an alternative provider well known in the industry. UBG also

replaced AWHWP on the 48 unit building. The Monitor understands that UBG will be requesting a refund of amounts paid to ANHWP for warranty coverage on the 48 unit building.

94. Construction is ongoing and all units are expected to be completed by January 31, 2013.
95. There is a private investor that holds a 50% interest in the Origins Project having made an initial contribution of approximately \$1.75 million. The private investor is currently owed approximately \$1.75 million.
96. It is necessary that the Origins Project condominium plan be registered in order for the continued development of the project and to close the sales of units.
97. The Monitor understands that s. 85(1) of the *Land Titles Act (Alberta)* (the "LTA") provides that prior to registering the Origins Project condominium plan, the condominium plan must be signed by several parties including lienholders who have an interest registered against the lands.
98. The Monitor was advised that certain lienholders were refusing to sign the condominium plan unless they were paid in full; however, at the time of writing this report the Monitor was further advised that the lienholders have agreed to sign the condominium plan making it unnecessary for UBG to obtain a Court order dispensing with signatures required for registration of the condominium plan pursuant to the LTA. UBG expects to file the Origins Project condominium plan shortly.

Valour Park at Currie Barracks

99. The project known as Valour Park is a two Phase 24 town home development located in the Currie Barracks area of Calgary. Phase 1 comprises nine units of which eight have been pre-sold. The nine units were under construction up to May 9, 2012.
100. Phase 2 comprises 15 town homes. UBG has pre-sold eight of the 15 units in Phase 2. Construction on this phase has not commenced.
101. CWB is providing the financing on this project and Unity Investments is a partner in this project.
102. In previous reports the Monitor advised that a detailed review of the project was undertaken in conjunction with trying to obtain new financing which indicated that the project as planned was uneconomic. Costs had previously been significantly underestimated such that the sales prices of the Residential Units sold were less than the costs to build them.
103. UBG developed a new budget for the project. In order to make Valour Park economic for the benefit of CWB, Unity Investments and the Trades, Valour Park must be built under a much different pricing structure. The pre-sales agreements in place with the current purchasers are either being renegotiated or the existing pre-sales contracts rescinded.
104. With respect to the deposits provided under the pre-sales contracts, a significant portion of those deposits were used by UBG. Consequently, if a purchaser is not prepared to renegotiate their contract, there are insufficient funds held to fully refund the deposit. If a pre-sales contract can be renegotiated then there is no need to return the deposit.

105. UBG negotiated a funding protocol with CWB. The CWB Protocol was approved by this Honourable Court on October 17, 2012.
106. In order for CWB to advance funds on Valour Park, UBG must meet certain minimum thresholds in respect of renegotiated or new sales. The Monitor understands that UBG expects to meet its first threshold in the next few weeks so that CWB will then advance funds pursuant to the CWB Protocol.

Village at the Hamptons

107. The project known as Village at the Hamptons ("Hamptons") is a seven phase, 458 unit complex located in northwest Edmonton, Alberta comprising 86 town homes and 372 condominiums.
108. Construction had just commenced prior to May 9, 2012. Approximately \$1.7 million has been spent by the Company on construction. The project has not yet been approved by ANHWP.
109. Prior to May 9, 2012 the Company had pre-sold 65 condominiums and five town homes. The Company's plan is to first construct Phase 1 (consisting of two apartment buildings of 91 and 99 units) and Phase 5 (26 town homes). Completion of the remaining phases will be completed in the future.
110. The Bank of Montreal ("BMO") is providing the financing on the Hamptons project and is currently owed approximately \$6.8 million on the land facility and \$1.5 million on the construction facility. BMO has advised it is not prepared to provide further financing on the Hamptons project.
111. Unity Investments also provided financing and is owed approximately \$3.55 million.
112. There is a private investor that holds a 50% interest who is currently owed approximately \$3.5 million.
113. UBG has been unable to obtain financing to recommence construction on the project. Moreover, UBG undertook a review of the project and determined that it is no longer economic. Consequently the Company pursued a possible sale of the Hamptons project. A sale of the property was supported by BMO.
114. On December 6, 2012 UBG and the Monitor were provided with a letter of intent ("LOI") to purchase the Hamptons project. The LOI has been forwarded to BMO for their review and consideration and BMO has requested that the prospective purchaser contact them to discuss the LOI further.
115. The purchase price noted in the LOI is consistent with the appraised value of the Hampton project lands. Should the proposed transaction be acceptable to BMO and a purchase and sale agreement can be agreed upon, UBG anticipates making an application for approval of the sale by this Honourable Court.

COMPLETED PROJECTS

116. Three of the Multi-Family Projects, Village on the Park ("VOP"), Timberline and Wilderness are substantially complete. VOP is located in Edmonton, Alberta. Timberline and Wilderness are located in Canmore, Alberta.

Village on the Park

117. The project known as VOP is a three phase 243 unit condominium complex comprising three buildings located in Edmonton, Alberta. Construction on all three buildings is now complete. The Company is actively marketing for sale the unsold units.
118. Scotiabank was providing the financing on this project. The Monitor previously reported that the VOP Scotiabank Loan was retired in full on July 24, 2012.
119. Funds have been distributed to the third party Trade from proceeds realized on closing. Construction at VOP was conducted through a third party. Approximately \$1,750,000 has been paid to the third party. The Monitor expects that the balance owed (with a minor holdback amount retained) will be distributed to the third party Trade later this week.
120. There is a private investor that holds a 50% interest in the VOP project having made an initial contribution of approximately \$3.0 million. The private investor is currently owed approximately \$3.0 million. The profitability of the VOP Project is being reviewed to assess whether the private investor will fully recover its \$3.0 million investment in this project.

Timberline

121. The Timberline project is a four phase 87 unit development comprising 17 town homes and 70 condominiums. 56 units have sold and closed.
122. Of the remaining 31 units, 23 units are complete and eight units require additional construction to complete. The estimated costs to complete the eight units are approximately \$600,000.
123. BMO and ICI provided financing on the units. BMO holds a first secured position on 21 units (including the eight uncompleted units). BMO's outstanding secured debt is approximately \$8.9 million. The units subject to BMO's security have an estimated value approximately equal to the amounts owed to BMO.
124. ICI holds a first secured position on 10 units. ICI's outstanding debt is approximately \$6.5 million. The units subject to ICI's security have an estimated value approximately equal to the amounts owed to ICI.
125. Unity Investments holds a second secured charge over all of the 30 remaining units. Unity Investments is owed approximately \$5.7 million.
126. In addition to the costs to complete the eight units, there is approximately \$600,000 owed in respect of unpaid condominium fees on the 31 units and taxes and approximately \$585,000 owed to Trades. There also appear to be deficiencies that require repair in many areas of the project. The condominium corporation obtained a technical audit of the project which noted significant

deficiencies and unfinished work. The condominium corporation estimates the costs to make the necessary repairs and complete construction may be as high as \$1.6 million.

127. UBG has reviewed the technical audit with both the project's engineer and architect and based on consultation with those parties, is of the view that the costs to repair and complete unfinished common area construction is approximately \$754,000 including building permits and occupancy inspections, an amount significantly less than the estimate by the condominium corporation. A quantity surveyor firm has been engaged to assess the rectification and completion costs and provide a report thereon. The Monitor is advised that the quantity surveyor's report is expected to be completed in late January given the approach of the holiday season.
128. The quantity surveyor will also provide an estimate on the costs to complete the eight unfinished units secured to BMO. BMO requires the quantity surveyor's report before it is in a position to address a go forward plan with respect to the 21 Timberline units subject to its security.
129. Based on the updated costs to remediate and complete construction, it is likely there is no equity in the project over the amounts owed to BMO or ICI. Consequently, it appears that Unity Investments which is owed approximately \$5.7 million in respect of the Timberline project will recover nothing on its investment.
130. UBG has been exploring various alternatives including numerous meetings and communications with Unity Investments, BMO and ICI and discussions between Unity Investments' investors, BMO and ICI themselves. The alternatives were summarized in the Monitor's Fifth Report.
131. ICI has advised that it wishes to take control of the 10 units subject to its security. UBG and the Monitor do not object to this course of action by ICI. The Monitor is in support of the proposed Quit Claim in favour of ICI provided that: i) ICI acknowledges there are remediation or deficiency costs at the Timberline project and ICI will have to deal with the condominium corporation in respect of those costs; and ii) ICI agrees to a per unit Borrowers Cost in favour of UBG in the amount of \$8,500 (a total of \$85,000) to be paid to UBG upon the closing of each unit sale in respect of the time, effort and costs expended by UBG in connection with preservation, marketing and consultation undertaken for the general benefit of the stakeholders. No agreement has been reached with ICI in respect of this matter.

Wilderness

132. The Wilderness project is a six phase 45 unit condominium and town home development. 25 units have sold. 21 units have not sold.
133. Scotiabank provided financing on the Wilderness project and is owed approximately \$4.8 million.
134. Highfield Stock Farm Inc. ("Highfield") is an investor that holds a 50% interest in the Wilderness project having made an initial contribution of approximately \$5.2 million. Highfield has filed a claim with the Monitor totaling approximately \$10.5 million.
135. There are numerous additional claims filed against Wilderness. The Monitor has commenced its review of those claims and will be dealing with them pursuant to the established Claims Process.

136. As the Monitor has previously reported, Highfield advanced an offer for the Wilderness project on September 4, 2012 for \$1.5 million. The offer was accepted by UBG and Highfield continued with its due diligence.
137. UBG and Highfield have agreed to a purchase and sale agreement subject to finalizing certain minor matters. The Parties expect the purchase and sale agreement to be finalized in the next few days. The material particulars of the sale are as follows:
- Highfield is purchasing all of UBG's right, title and interest to and in the shares, units and business of the Wilderness project;
 - The purchase price is \$1.5 million plus an assumption of debt including amounts owed to Scotiabank, Highfield, and approximately \$850,000 in respect of trade payables plus outstanding and ongoing condominium fees on the unsold units;
 - \$150,000 of the purchase price will be paid to UBG in respect of Borrowers Costs;
 - Highfield will address any matters in respect of the Alberta New Home Warranty Program ("ANHWP");
 - The remaining claims against Wilderness will be dealt with in the Claims Process; and
 - \$1.35 million of the purchase price will be held as a reserve in respect of those claims not being assumed by Highfield.
138. The Monitor respectfully recommends that this Honourable Court approve the sale of the Wilderness Project to Highfield.
- Amounts owed to Trades and the condominium corporation are being assumed by Highfield;
 - The sale to Highfield will bring clarity to the future of the project for the benefit of Scotiabank, ANHWP and other stakeholders;
 - The secured claim of Highfield will be addressed;
 - The price being paid by Highfield when considering all claims against the project is reasonable in the circumstances;
 - Selling the Wilderness project is consistent with UBG's initiative to exit the economically challenged Canmore, Alberta area; and
 - The sale of the Wilderness project is supported by the project's key stakeholders.
139. Once the purchase and sale agreement is executed it will be filed in these CCAA Proceedings by way of a supplemental affidavit of Robert Friesen.

COMMERCIAL PROPERTIES

UBG 75 Canmore LP

140. UBG 75 Canmore LP ("UBG 75") owns a commercial building (the "UBG 75 Building") located at 75 Drygras Gate in the Three Sisters development in Canmore. The UBG 75 Building was originally constructed by UBG to serve as office space for UBG's Canmore operations.
141. UBG does not occupy the UBG 75 Building and it is presently leased to several unrelated entities, including two medical clinics, a kitchen renovation company, a bistro and a wine shop. UBG is

unable to service interest on the BMO mortgage or cover other operating costs such as property taxes on the property.

142. In 2011 UBG entered into a purchase and sale agreement with The Prof. Corps to purchase the UBG 75 Building at a future date at a set price. Subsequent to UBG obtaining the Initial Order, The Prof. Corps contacted the Monitor advising that they were interested in accelerating the purchase of the UBG 75 Building and assuming the BMO mortgage securing the UBG 75 Building. The Prof. Corps were encouraged to enter into direct discussions with BMO in respect of the mortgage. The Monitor understands BMO has agreed to provide financing to The Prof. Corps to purchase of the UBG 75 Building.
143. UBG obtained an appraisal on the UBG 75 Building which was provided to the Monitor and BMO. The appraisal value reflected a market value approximately equal to the amount of the BMO mortgage.
144. The Monitor respectfully recommends that this Honourable Court approve the sale of the UBG 75 Building to The Prof. Corps for the following reasons:
 - The sale price is consistent with the appraised value and appears to be fair market value in the circumstances;
 - UBG is unable to service the BMO mortgage interest and other expenses associated with operating the UBG 75 Building;
 - Existing tenants will not be negatively affected by this transaction;
 - The outstanding property taxes will be paid commensurate with closing the sale; and
 - BMO supports the sale.
145. The proceeds of the sale will be used to repay amounts outstanding to BMO. BMO has agreed to Borrower's Costs associated with the UBG 75 Building in the amount of \$75,000 which will be paid to UBG's legal counsel. The Monitor is of the view that the Borrower's Costs of approximately 3% of the value of the UBG 75 Building are reasonable.
146. The purchase and sale agreement in respect of the sale of the UBG 75 Building has not been finalized, but is expected to be finalized prior to UBG's December 14, 2012 Court application. The filing of the finalized purchase and sale agreement will be attached to a supplemental affidavit to be filed in these CCAA Proceedings by Robert Friesen.

UBG 808 Calgary LP

147. UBG 808 LP ("UBG 808") owns a commercial property located at 808 – 55 Avenue NE Calgary which is presently used as its head office (the "Head Office") comprising approximately 82,000 square feet.
148. UBG 808 leases the premises to UBG which occupies approximately 35,000 square feet. The remainder of the Head Office building is leased to various unrelated third parties.

149. The costs of maintaining the Head Office building including servicing the mortgage to ICI, property taxes and all other operational costs is approximately \$156,000 per month. UBG has been unable to service all expenses associated with the Head Office building.
150. An arrangement with ICI was established where UBG would service the monthly ICI mortgage interest post May 9, 2012. UBG made payments to ICI in respect of monthly interest May through August 2012, but has not paid any additional interest to ICI.
151. At the time of the Initial Order, UBG was of the view that the market value of the Head Office building was in excess of \$18 million, approximately \$2.0 million greater than the \$15.875 million owed to ICI in respect of ICI's mortgage.
152. Consequently, with the assistance of the Monitor, UBG solicited listing proposals from three well known real estate firms, CB Richard Ellis, Colliers and Cushman Wakefield. Cushman Wakefield was of the view that the Head Office building had a value of \$17 million to \$18 million and recommended listing it for sale at \$18.5 million. The Head Office building was listed for sale in August 2012 after agreement with ICI with offers to be submitted on or about September 21, 2012.
153. Two offers were received; however, those offers were substantially less than the listing price and the amount owed to ICI pursuant to its mortgage. The Monitor and Cushman Wakefield entered into negotiations with the highest offeror in an attempt to solicit a higher price that would be acceptable to ICI. The Monitor and Cushman Wakefield were successful in increasing the offer price to \$15,250,000, close to the amount owed to ICI; however, ICI was disinclined to accept the offer.
154. ICI has advised it wishes to take control of the Head Office Building in connection with its security. UBG and the Monitor do not object to this course of action by ICI and the Monitor is in support of the proposed Quit Claim in favour of ICI. UBG and its legal counsel have been in discussions with legal counsel for ICI in respect of the handover of the Head Office building and establishing an appropriate Borrowers Costs amount. It has been proposed that the amount of the Borrowers Costs would be \$100,000 cash paid to UBG plus a four month interest rate abatement of approximately \$320,000 for a total Borrowers Cost of \$420,000. This amount is approximately equal to 3% of the value of the Head Office building and is consistent with previous Borrowers Costs amounts established in connection with prior sales of UBG assets in these CCAA Proceedings. No agreement has been reached with ICI.
155. The Monitor understands that UBG and ICI have tentatively agreed to a new lease agreement to commence January 1, 2013. The monthly lease payment will be substantially reduced commensurate with the several cost reduction steps being undertaken by UBG including a reduction in the quantum of space required for Head Office personnel.

INVESTORS

156. The Company attracted investment through its Unity Investments division as described in the Second Report and more fully in the May 8th Friesen Affidavit.
157. There are approximately 200 individual investors invested through Unity Investments, ABC Capital and ABC US Capital.

158. The Company has continued holding a series of conference calls for investors to provide regular information to the investors and calls are now generally scheduled for once per month.
159. As noted in paragraph 41, 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.
160. A committee representing ABC investors recently met with the Monitor and UBG to discuss various matters including ongoing reporting, addressing certain home situations and restructuring plans generally. Discussion and regular reporting will be ongoing.

CASH FLOW

161. UBG, in addition to other materials, has filed cash flow projections in connection with its court applications to obtain an extension of the stay of proceedings. A comparison of the budget to actual results for the period up to October 31, 2012 is provided as Appendix "B". The notes to Appendix "B" provide explanation of the operational variances.
162. An updated projected statement of cash flow for the period ending March 31, 2013 ("Projection") is provided as Appendix "C". The notes to the Projection should be read in conjunction with the Projection. The Monitor assisted UBG with the preparation of the projected cash flow. The cash flow is predicated on UBG continuing to operate in the normal course in the context of the CCAA Proceedings and entering into Protocols with the various lenders for continued financing. The Monitor has reviewed the Projection and its underlying assumptions. The Projection is based on UBG's management's assumptions regarding future events; actual results will vary, perhaps significantly, from the information presented even if the forecast assumptions occur, and the variations may be material. For example, the timing of closing sales can vary substantially depending on the availability of trades and inclement weather conditions. Closings can be delayed up to several months which negatively impacts the timing of cash receipts by UBG. Accordingly, the Monitor expresses no assurance as to whether the Projection will be achieved.
163. The Projection continues to reflect that UBG requires a holdback on Net Proceeds in order to meet ongoing operational expenses. The holdback employed to date has been used to fund payroll, rent, overhead expenses and restructuring costs. Up to August 31, 2012 the holdback required was 12%. Commencing September 1, 2012 the holdback was reduced to 6% of Net Proceeds for multi-family projects and single family projects being constructed by Today's Homes. With respect to the single family projects being constructed by Greenboro Estates, Greenboro Luxury and Greenboro Homes, the projection assumes that the lenders will fund direct payroll and direct overhead costs incurred by those entities and the Net Proceeds holdback is calculated at 2% to address general corporate overheads.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

164. The Monitor supports the Company's request for an extension of the stay of proceedings from December 14, 2012 to March 22, 2013 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 by entering into various protocols with its lenders, focusing on its reporting and projections, developing exit strategies in respect of the Canmore marketplace and its head office and developing emergence strategies with respect to its single family projects in Calgary and Edmonton;
- c) The Company continues to focus its resources on sales and closings which will assist it with its finances as the Residential Units are sold and closed; and
- d) An extension will provide:
 - i) the Company's management team, with the assistance of the Monitor, an opportunity to continue to review the Projects, make arrangements with lenders for continued support of the Projects and develop go forward strategies on a project specific basis; and
 - ii) the Company with an opportunity to monetize certain of its assets, under the supervision of this Court, which is expected to maximize recoveries for all stakeholders.

165. The Monitor anticipates that as it, the Company and key stakeholders further assess each of the Projects, the Company and the Monitor will be reporting to the Court before expiration of the proposed stay extension with respect to project-specific relief.

MONITOR'S ACTIVITIES

166. In addition to the activities referenced in this Report, the Monitor's activities since the Fifth Report include:
- Preparing detailed financial analyses of the Company's Projects;
 - Meeting with and corresponding with the Company's lenders;
 - Reviewing the Company's cash flow;
 - Participating in calls and meetings with the Unity Investors;
 - Preparation, review, execution and Court approval of funding protocols;
 - Administration of the claims process and the reverse claims process;
 - Regular communications and meetings with creditors and stakeholders;
 - Posting documents filed in these proceedings on its website;
 - Corresponding with FMC and Bennett Jones LLP, the Monitor's legal counsel;
 - Assisting the Company in all of the activities noted throughout in this Report; and
 - Drafting, reviewing and finalizing this Report.

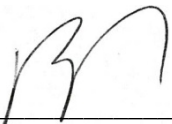
CONCLUSION AND RECOMMENDATION

167. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Paragraph 7 e) of this Report.

* * *

All of which is respectfully submitted this 11th day of December 2012.

**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, CA, CIRP

UBG Builders Group
Property Closings - Post May 9, 2012
As at December 11, 2012
(\$Cdn, Unaudited)

# of Closings	UBG Entity	Address	City
1	Greenboro Estate Homes	1405 Montrose Terrace SE	Calgary
2	Greenboro Estate Homes	160 Ascot Crescent SW	Calgary
3	Greenboro Estate Homes	176 Stonemere Close	Chestermere
4	Greenboro Estate Homes	225 Sage Meadows Circle N	Calgary
5	Greenboro Estate Homes	36 Ascot Rise SW	Calgary
6	Greenboro Estate Homes	3816 Sarcee Road SW	Calgary
7	Greenboro Estate Homes	5 Ascot Park SW	Calgary
8	Greenboro Estate Homes	92 Sage Meadows Circle NW	Calgary
9	Greenboro Estate Homes	9336 - 14th Avenue SW	Calgary
10	Greenboro Estate Homes	9348 - 14th Avenue SW	Calgary
11	Greenboro Homes	1008 Watt Promenade SW	Edmonton
12	Greenboro Homes	1504 63 Street SW	Edmonton
13	Greenboro Homes	1719 60 Street SW	Edmonton
14	Greenboro Homes	1724 59 Street SW	Edmonton
15	Greenboro Homes	1739 60 Street SW	Edmonton
16	Greenboro Homes	1915 33 Street NW	Edmonton
17	Greenboro Homes	3320 18B Avenue NW	Edmonton
18	Greenboro Homes	3337 18B Avenue NW	Edmonton
19	Greenboro Homes	3338 18B Avenue NW	Edmonton
20	Greenboro Homes	3343 18B Avenue NW	Edmonton
21	Greenboro Homes	3344 18B Avenue NW	Edmonton
22	Greenboro Homes	3354 21A Avenue	Edmonton
23	Greenboro Homes	3355 18B Avenue NW	Edmonton
24	Greenboro Homes	3360 19 Avenue NW	Edmonton
25	Greenboro Homes	3361 18B Avenue NW	Edmonton
26	Greenboro Homes	3374 18B Avenue NW	Edmonton
27	Greenboro Homes	48 Dunlop Wynd	Edmonton
28	Greenboro Homes	489 Watt Boulevard SW	Edmonton
29	Greenboro Homes	50 Dunlop Wynd	Edmonton
30	Greenboro Homes	5047 Dewolf Road	Edmonton
31	Greenboro Homes	511 Watt Boulevard SW	Edmonton
32	Greenboro Homes	52 Dunlop Wynd	Edmonton
33	Greenboro Homes	54 Dunlop Wynd	Edmonton
34	Greenboro Homes	5520 Conestoga Street	Edmonton
35	Greenboro Homes	58 Dunlop Wynd	Edmonton
36	Greenboro Homes	6103 18 Avenue SW	Edmonton
37	Greenboro Homes	6114 17A Avenue SW	Edmonton
38	Greenboro Homes	6119 18 Avenue SW	Edmonton
39	Greenboro Homes	6122 17A Avenue SW	Edmonton
40	Greenboro Homes	6123 18 Avenue SW	Edmonton
41	Greenboro Homes	6127 18 Avenue SW	Edmonton
42	Greenboro Homes	6143 18 Avenue SW	Edmonton
43	Greenboro Homes	6147 18 Avenue SW	Edmonton
44	Greenboro Homes	71 Dunlop Wynd	Edmonton
45	Greenboro Homes	73 Dunlop Wynd	Edmonton
46	Greenboro Homes	74 Dunlop Wynd	Edmonton
47	Greenboro Homes	7825 Ellesmere Link	Edmonton
48	Greenboro Homes	80 Radcliffe Wynd	Edmonton
49	Greenboro Homes	82 Radcliffe Wynd	Edmonton
50	Greenboro Homes	97 Dunlop Wynd	Edmonton
51	High Pointe	#108, 351 Monteith Drive SE	Calgary
52	High Pointe	#110, 351 Monteith Drive SE	Calgary
53	High Pointe	#112, 351 Monteith Drive SE	Calgary
54	High Pointe	#114, 351 Monteith Drive SE	Calgary
55	High Pointe	#116, 351 Monteith Drive SE	Calgary
56	High Pointe	#118, 351 Monteith Drive SE	Calgary
57	Todays Homes	162 Sage Valley Road NW	Calgary
58	Todays Homes	166 Sage Valley Road NW	Calgary
59	Todays Homes	185 Muirfield Blvd	Calgary
60	Todays Homes	36 Cimarron Springs Road	Okotoks
61	Todays Homes	39 Cimarron Springs Way	Okotoks
62	Todays Homes	4 Muirfield Close	Calgary
63	Village on the Park	#102, 396 Silver Berry Road	Edmonton
64	Village on the Park	#103, 396 Silver Berry Road	Edmonton
65	Village on the Park	#105, 396 Silver Berry Road	Edmonton
66	Village on the Park	#109, 396 Silver Berry Road	Edmonton
67	Village on the Park	#114, 396 Silver Berry Road	Edmonton
68	Village on the Park	#115, 396 Silver Berry Road	Edmonton
69	Village on the Park	#215, 396 Silver Berry Road	Edmonton
70	Village on the Park	#302, 396 Silver Berry Road	Edmonton
71	Village on the Park	#303, 396 Silver Berry Road	Edmonton
72	Village on the Park	#315, 396 Silver Berry Road	Edmonton

UBG Builders Group
Property Closings - Post May 9, 2012
As at December 11, 2012
(\$Cdn, Unaudited)

# of Closings	UBG Entity	Address	City
73	Village on the Park	#319, 396 Silver Berry Road	Edmonton
74	Village on the Park	#419, 396 Silver Berry Road	Edmonton
75	Village on the Park	#101, 400 Silver Berry Road NW	Edmonton
76	Village on the Park	#102, 400 Silver Berry Road NW	Edmonton
77	Village on the Park	#103, 400 Silver Berry Road NW	Edmonton
78	Village on the Park	#104, 400 Silver Berry Road NW	Edmonton
79	Village on the Park	#105, 400 Silver Berry Road NW	Edmonton
80	Village on the Park	#106, 400 Silver Berry Road NW	Edmonton
81	Village on the Park	#108, 400 Silver Berry Road NW	Edmonton
82	Village on the Park	#109, 400 Silver Berry Road NW	Edmonton
83	Village on the Park	#110, 400 Silver Berry Road NW	Edmonton
84	Village on the Park	#111, 400 Silver Berry Road NW	Edmonton
85	Village on the Park	#112, 400 Silver Berry Road NW	Edmonton
86	Village on the Park	#113, 400 Silver Berry Road NW	Edmonton
87	Village on the Park	#114, 400 Silver Berry Road NW	Edmonton
88	Village on the Park	#115, 400 Silver Berry Road NW	Edmonton
89	Village on the Park	#116, 400 Silver Berry Road NW	Edmonton
90	Village on the Park	#117, 400 Silver Berry Road NW	Edmonton
91	Village on the Park	#118, 400 Silver Berry Road NW	Edmonton
92	Village on the Park	#201, 400 Silver Berry Road NW	Edmonton
93	Village on the Park	#202, 400 Silver Berry Road NW	Edmonton
94	Village on the Park	#203, 400 Silver Berry Road NW	Edmonton
95	Village on the Park	#204, 400 Silver Berry Road NW	Edmonton
96	Village on the Park	#205, 400 Silver Berry Road NW	Edmonton
97	Village on the Park	#206, 400 Silver Berry Road NW	Edmonton
98	Village on the Park	#207, 400 Silver Berry Road NW	Edmonton
99	Village on the Park	#208, 400 Silver Berry Road NW	Edmonton
100	Village on the Park	#209, 400 Silver Berry Road NW	Edmonton
101	Village on the Park	#210, 400 Silver Berry Road NW	Edmonton
102	Village on the Park	#211, 400 Silver Berry Road NW	Edmonton
103	Village on the Park	#212, 400 Silver Berry Road NW	Edmonton
104	Village on the Park	#213, 400 Silver Berry Road NW	Edmonton
105	Village on the Park	#214, 400 Silver Berry Road NW	Edmonton
106	Village on the Park	#215, 400 Silver Berry Road NW	Edmonton
107	Village on the Park	#216, 400 Silver Berry Road NW	Edmonton
108	Village on the Park	#217, 400 Silver Berry Road NW	Edmonton
109	Village on the Park	#218, 400 Silver Berry Road NW	Edmonton
110	Village on the Park	#219, 400 Silver Berry Road NW	Edmonton
111	Village on the Park	#301, 400 Silver Berry Road NW	Edmonton
112	Village on the Park	#302, 400 Silver Berry Road NW	Edmonton
113	Village on the Park	#303, 400 Silver Berry Road NW	Edmonton
114	Village on the Park	#304, 400 Silver Berry Road NW	Edmonton
115	Village on the Park	#305, 400 Silver Berry Road NW	Edmonton
116	Village on the Park	#306, 400 Silver Berry Road NW	Edmonton
117	Village on the Park	#307, 400 Silver Berry Road NW	Edmonton
118	Village on the Park	#308, 400 Silver Berry Road NW	Edmonton
119	Village on the Park	#309, 400 Silver Berry Road NW	Edmonton
120	Village on the Park	#310, 400 Silver Berry Road NW	Edmonton
121	Village on the Park	#311, 400 Silver Berry Road NW	Edmonton
122	Village on the Park	#312, 400 Silver Berry Road NW	Edmonton
123	Village on the Park	#313, 400 Silver Berry Road NW	Edmonton
124	Village on the Park	#314, 400 Silver Berry Road NW	Edmonton
125	Village on the Park	#315, 400 Silver Berry Road NW	Edmonton
126	Village on the Park	#316, 400 Silver Berry Road NW	Edmonton
127	Village on the Park	#317, 400 Silver Berry Road NW	Edmonton
128	Village on the Park	#318, 400 Silver Berry Road NW	Edmonton
129	Village on the Park	#319, 400 Silver Berry Road NW	Edmonton
130	Village on the Park	#320, 400 Silver Berry Road NW	Edmonton
131	Village on the Park	#321, 400 Silver Berry Road NW	Edmonton
132	Village on the Park	#404, 400 Silver Berry Road NW	Edmonton
133	Village on the Park	#406, 400 Silver Berry Road NW	Edmonton
134	Village on the Park	#407, 400 Silver Berry Road NW	Edmonton
135	Village on the Park	#408, 400 Silver Berry Road NW	Edmonton
136	Village on the Park	#412, 400 Silver Berry Road NW	Edmonton
137	Village on the Park	#413, 400 Silver Berry Road NW	Edmonton

UBG Builders Group
Cash Flow Variance Analysis
For the 27 week period - May 7 to November 11, 2012
(\$Cdn, Unaudited)

	Notes	Projected	Actual	Variance
Cash inflows				
Actual mortgage advances	1	10,512,606	7,529,145	(2,983,461)
Actual advances				
ATB	1	10,136,085	5,784,789	(4,351,296)
TD Bank	1	10,622,975	19,341,994	8,719,019
Closings				
Firm	2	26,404,831	30,496,618	4,091,786
Pending	2	15,137,007	-	(15,137,007)
A/R collection		22,357	26,157	3,800
GST	3	2,114,403	2,697,878	583,474
Other	4	1,658,017	1,855,403	197,386
Subtotal - inflows		76,608,283	67,731,984	(8,876,298)
Cash outflows				
Mortgage payment	1	27,352,984	30,202,356	2,849,372
Wages, salaries and commissions	5	3,567,276	3,404,951	(162,324)
Rent	6	506,758	359,319	(147,439)
GST	6	545,702	780,089	234,387
Insurance		347,901	355,359	7,458
Property tax		84,965	40,595	(44,370)
Payables				
Overheads	6	1,148,129	594,390	(553,739)
Legal/Accounting		108,872	61,060	(47,812)
Trades	1	34,697,806	13,590,518	(21,107,288)
Restructuring costs		800,000	800,000	-
Lot purchases				
Lot deposits		424,947	339,877	(85,070)
Developer		2,294,701	2,206,933	(87,768)
ABC		-	-	-
Interest				
Construction mortgage	7	1,519,322	941,548	(577,774)
Other mortgage		94,277	122,634	28,358
Bank fees		247,832	261,792	13,959
Investor financing		748	771	23
Other		153,568	147,142	(6,426)
Contingency		82,422	-	(82,422)
Subtotal outflows		73,978,210	54,209,334	(19,768,876)
Net cash flow				
Period only		2,630,072	13,522,650	10,892,577
Opening available cash		740,000	740,000	-
Closing cash balance	8	3,370,072	14,262,650	10,892,577

This schedule should be read in conjunction with the accompanying notes.

UBG Builders Group
Notes to Cash Flow Variance Analysis
For the 27 week period – May 7 to November 11, 2012

1. Actual advances from lenders and payments to trades are lower than projected due to the timing of establishing the funding agreements (“Protocols”), as well as delays in construction.
2. Actual closings are lower than projected due principally to construction delays related to the timing of the Protocols. Approximately \$7.7 million is currently held in trust with various lawyers in respect of closing funds. A framework for the distribution of sales proceeds is in place, and funds are being distributed accordingly.
3. GST includes both GST refunds and GST received from sales closings. Projected GST inflows were understated in respect of the GST refunds. The GST from closings are paid to Canada Revenue Agency. GST refunds will be paid to lenders or used for general corporate purposes as the case may be.
4. Comprises revenues from joint venture partnerships, sales of lots to third parties, and miscellaneous refunds.
5. Wages, salaries and commissions are less than projected as sales were lower than projected.
6. The variance is a timing difference.
7. Actual interest payments are less than projected mainly due to construction delays, resulting in a timing difference with mortgage advances, and thus affecting the amount of interest related to such mortgages.
8. The closing cash balance is higher than projected as funds are currently held in trust with UBG’s legal counsel. These funds are now being distributed (see note 2).

These notes should be read in conjunction with Appendix “B”.

UBG Builders Group
 Projected Statement of Cash Flow
 November 12, 2012 to March 31, 2013
 (\$Cdn, Unaudited)

	Notes	Cumulative May 7 - Nov 11	Week							Month			Total
			Nov 12 - Nov 18	Nov 19 - Nov 25	Nov 26 - Dec 2	Dec 3 - Dec 9	Dec 10 - Dec 16	Dec 17 - Dec 23	Dec 24 - Dec 30	January	February	March	
Inflows													
Mortgage advances	1	7,529,145	-	62,538	2,369,126	-	-	-	788,682	3,695,882	2,005,991	901,697	17,353,061
Operating line advances		-	-	-	-	-	-	-	-	-	-	-	-
ATB	2	5,784,789	903,018	-	895,973	4,447,800	3,057,742	1,286,034	1,538,053	2,859,703	5,658,282	2,976,615	29,408,009
TD Bank	2	19,341,994	1,280,197	-	-	92,423	864,396	272,275	975,000	500,000	575,000	500,000	24,401,285
Closings	3												
Firm		30,496,618	1,295,915	705,008	2,436,352	-	733,919	4,616,256	-	-	-	-	40,284,068
Pending		-	-	-	-	1,500,000	-	-	-	13,598,141	9,944,530	12,110,319	37,152,989
A/R Collection		26,157	-	-	-	-	-	-	-	-	-	-	26,157
GST	4	2,697,878	41,490	25,088	-	-	42,996	39	-	331,929	196,366	111,824	3,447,608
Other	5	1,855,403	25	28,643	-	-	-	-	28,643	28,643	16,643	16,643	1,974,641
Subtotal - inflows		67,731,984	3,520,645	821,276	5,701,451	6,040,223	4,699,053	6,174,604	3,330,377	21,014,297	18,396,811	16,617,097	154,047,818
Outflows													
Mortgage payments	6	30,202,356	35,000	6,335	-	1,000,000	-	12,712,570	1,054,957	-	11,846,072	12,110,319	68,967,609
Wages, salaries and commissions		3,404,951	179,147	-	281,814	-	420,986	320,161	367,166	553,432	553,432	703,432	6,784,521
Rent		359,319	-	-	10,000	-	-	-	11,000	25,000	18,000	11,000	434,319
GST		780,089	-	-	-	92,423	42,996	-	-	331,929	198,358	111,824	1,557,618
Insurance		355,359	-	-	17,351	-	-	-	17,351	17,351	17,351	17,351	442,113
Property Tax		40,595	-	-	-	-	-	-	11,680	-	-	-	52,274
Payables													
Overheads	7	594,390	-	-	131,625	-	73,155	-	50,000	128,733	128,654	128,654	1,235,212
Legal/Accounting		61,060	-	1,500	-	-	-	1,500	-	3,992	11,500	11,500	91,052
Trades		13,590,518	1,246,988	662,694	1,926,348	769	3,380,620	1,673,992	1,644,682	6,058,317	7,898,848	3,234,726	41,318,502
Restructuring costs	8	800,000	23,072	28,457	27,688	35,380	34,611	34,611	34,611	131,516	96,139	95,370	1,341,454
Lot purchases													
Lot deposits (initial)	9	339,877	-	63,160	-	-	-	-	-	-	-	-	403,037
Developer	9	2,206,933	-	-	679,554	4,447,800	226,400	-	942,995	1,933,695	1,162,730	711,710	12,311,817
ABC		-	-	-	913,960	-	554,159	-	376,984	-	113,195	309,919	2,268,217
Interest													
Construction mortgage		941,548	-	52,065	46,000	-	-	-	74,000	58,000	166,000	58,000	1,395,613
Other mortgage		122,634	-	8,200	-	-	-	-	8,200	191,386	8,200	8,200	346,820
Bank fees		261,792	6,187	11,434	(1,382)	-	-	1,505	7,900	6,805	6,792	6,792	307,825
Investor financing		771	-	-	15	2,122,721	-	-	15	15	15	15	2,123,567
Other		147,142	220	220	220	220	-	-	-	-	-	-	148,022
Contingency		-	6,155	6,155	7,035	6,375	6,155	6,155	7,035	27,921	20,006	19,786	112,779
Subtotal outflows		54,209,334	1,496,769	840,219	4,040,228	7,705,688	4,739,082	14,750,494	4,608,575	9,468,092	22,245,291	17,538,598	141,642,371
Net cash flow													
Period only		13,522,650	2,023,875	(18,943)	1,661,223	(1,665,465)	(40,029)	(8,575,890)	(1,278,198)	11,546,205	(3,848,480)	(921,501)	12,405,447
Opening available cash		740,000	14,262,650	16,286,525	16,267,582	17,928,805	16,263,340	16,223,311	7,647,421	6,369,224	17,915,428	14,066,948	740,000
Closing cash balance	10	14,262,650	16,286,525	16,267,582	17,928,805	16,263,340	16,223,311	7,647,421	6,369,224	17,915,428	14,066,948	13,145,447	13,145,447

UBG Builders Group
Notes to Projected Statement of Cash Flow
November 12, 2012 to March 31, 2013

1. Protocols have been established with lenders on several projects and it is assumed that lenders will continue to provide the necessary advances, pursuant to the credit facilities in place for each respective project.
2. Alberta Treasury Branches (“ATB”) finances Greenboro Homes in Edmonton and The Toronto-Dominion Bank (“TD”) finances Greenboro Estates in Calgary. The ATB Protocol for funding has been in place since July 2012. TD’s Protocol has been in place since September 2012.
3. During the period of the forecasted cash flow, UBG expects to close sales totalling approximately \$46.9 million:

	# of Units	Amount (\$)
Greenboro Homes	41	14,470,452
Village on the Park	10	1,708,721
South Terwillegar Village LP	27	7,402,187
High Point LP	6	1,530,731
Origins at Cranston LP	72	8,396,000
Wilderness Ridge at Stewart Creek LP		1,500,000
Greenboro Estate Homes LP	16	11,932,333
	172	46,940,424

4. Consists of GST refunds and GST received on sales closings which are paid to Canada Revenue Agency (“CRA”). Projected GST excludes GST received on sales closings as receipts are expected to be equal to disbursements and have been offset for purposes of the cash flow.
5. Comprises revenues from joint venture partnerships, sales of lots to third parties, and miscellaneous refunds.
6. Represents payments of mortgages in connection with sales closings as in note 3 above. The amount is net of certain holdbacks and restructuring costs.
7. Overheads comprise general expenses including utilities, licenses, office supplies, advertising, and telephones.
8. Estimated restructuring costs to be paid over the cash flow period presented.
9. It is assumed for purposes of the cash flow that lot deposits and payments to developers for lot purchases in respect of the single family developments will be financed by ATB and TD.
10. Closing cash balance as at December 30, 2012 includes amounts mainly due to lenders and lienholders and upon finalization of amounts outstanding will be distributed accordingly. The closing cash balance in subsequent months comprises funds not yet distributed to lenders. It is a timing difference as funds are typically distributed to lenders every 30 to 45 days.

These notes should be read in conjunction with the Appendix “C”.