



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 FIFTEENTH 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 14 reports plus seven 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 September 20, 2013, the stay of proceedings under the Initial Order was extended to October 31, 2013.
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 fifteenth 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 fifteenth report ("Report") is to:
 - a) Provide an update on certain of the Company's development projects;
 - b) Respectfully recommend that this Honourable Court make orders:
 - i. Approving the sale of seven townhouse units owned by Origins at Cranston Limited Partnership ("Origins") to Attainable Homes Calgary Corporation ("Attainable Homes") and vesting in Attainable Homes as of closing, title to the seven townhomes, free and clear of all liens, charges, security interests and encumbrances other than those permitted in the asset purchase agreement, and directing Alberta Land Titles to register title to Attainable Homes in the name of Attainable Homes or in that of its nominee;
 - ii. Approving additional financing in respect of Today's Homes Limited Partnership ("Today's Homes") to complete its purchase of 40 lots located in Calgary, Alberta;
 - iii. Approving the Interim Management Services Agreement between Today's Homes and Greenboro Homes Limited Partnership ("GHL"); and
 - iv. Extending the stay of proceedings under the Initial Order to November 29, 2013.

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 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

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. Those efforts include:
 - a) Reviewing each of the Projects to assess viability, asset values, associated obligations, costs to complete (where applicable) and required resources;
 - b) Continuing to close Residential Units. UBG has closed more than 250 homes since the date of the Initial Order;
 - c) Meeting with certain Company lenders;
 - d) Meeting with representatives of Alberta New Home Warranty Program ("ANHWP");

- e) Meeting with the suppliers of materials and services ("Trades");
- f) Quitclaiming UBG's head office property located in Calgary, Alberta owned by UBG 808 Calgary Limited Partnership to ICI Capital Corporation ("ICI");
- g) Quitclaiming and or conveying 31 condominium units located in Canmore, Alberta owned by Timberline Lodges Limited Partnership to ICI and Bank of Montreal ("BMO");
- h) Closing the sale of the property located in Canmore owned by The Ledges Limited Partnership;
- i) Listing for sale the property of the Mountaineers Village II Project located in Canmore;
- j) Closing the sale of 19 condominium units located in Canmore owned by Wilderness Ridge at Stewart Creek Limited Partnership ("Wilderness");
- k) Closing the sale of the commercial property located in Canmore owned by UBG 75 Canmore Limited Partnership;
- l) Closing the sale of the property located in Edmonton, Alberta owned by Village at the Hamptons Limited Partnership;
- m) Closing the sale of the property located in Edmonton owned by Edgewater at Griesbach Limited Partnership;
- n) Closing the agreement for transfer of the property located in Calgary owned by UBG Bridges Limited Partnership ("Bridges");
- o) Negotiating an amended protocol with The Bank of Nova Scotia ("Scotiabank") in respect of the Terwilligar Project along with an amending management agreement with the development manager;
- p) Vesting the lands located in Calgary owned by Valour Park at Currie Limited Partnership ("Valour Park") to Canadian Western Bank;
- q) Closing the sale of the property located in Edmonton owned by Village at Laurels Limited Partnership;
- r) Closing the sale of the Project located in Calgary owned by Valmont at Aspen Stone Limited Partnership ("Valmont");
- s) Successfully emerging GHL from these CCAA Proceedings effective August 29, 2013;
- t) Obtaining Court approval of Greenboro Estate Homes Limited Partnership's ("GEH") Plan of Compromise and Arrangement ("Plan");
- u) Working with the Monitor and its legal counsel to assess claims filed by creditors in these CCAA Proceedings;

- v) Working with its advisors regarding the development of emergence strategies and meetings with various potential strategic partners; and
- w) Dealing with various lienholders in connection with the establishment, maintenance, verification and payment of various lien claims.

MULTI-FAMILY PROJECTS

Origins at Cranston

12. 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 is complete and all sales have closed. One unit has not been sold and is being retained as a show suite. Construction on the final building consisting of 68 units has not been started.
13. Construction on 17 of the 24 townhomes is complete and 17 sales have closed. The remaining 7 townhomes are not complete and construction has ceased.
14. Origins is financed by ICI. 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. ICI's loan in respect of the 48 unit condominium building has been paid in full. ICI is owed approximately \$99,000 plus interest in respect of the 24 townhomes.
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.
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. Origins is subject to two existing Option Agreements for sale with Attainable Homes. The first Option Agreement entered into on November 22, 2011 (the "Town house Agreement") and the other entered into on December 20, 2011 (the "Apartment Agreement").
18. The Option Agreements pertain to completed homes. Attainable Homes exercised its Option pursuant to the Apartment Agreement and closed on 47 of the 48 condominium units. Attainable Homes exercised its Option pursuant to the Town house Agreement and closed on 17 of the 24 townhouse units.
19. Lear Construction Management Ltd. ("Lear") is building Origins. Lear is owed significant amounts for costs incurred pre-May 9, 2012 and also for amounts owed post-May 9, 2012. 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 are a fixed amount and no additional funds are available from the ICI loan facilities to address any increased costs.

21. Lear advises that it is of the view that its contract with UBG on Origins is a cost plus contract and the terms contained therein require that Lear be reimbursed for all costs incurred. UBG and the Monitor disagree with Lear's interpretation of the contract. Furthermore, Lear has never submitted any change orders nor obtained any approval from UBG in respect of additional costs.
22. To obtain occupancy permits for the condominium units and the townhouses, it was necessary for Origins to provide completion deposits to the City of Calgary in respect of landscaping obligations. Origins has provided three deposits totalling \$327,900 and will be required to provide a fourth deposit estimated to be \$50,000 on account of the remaining seven townhouse units in order to obtain occupancy permits for those units.
23. The funds to pay the City of Calgary were provided respectively from sales proceeds on the condominiums and townhouses. ICI was concerned that as a result of sales proceeds being used to fund the completion deposits (there was no other source of funds and if the amounts had not been paid occupancy certificates would not have been issued) that full recovery of its loans might be in jeopardy. ICI suspended further loan advances until it determined that its loans would be satisfied in full. As a result of the suspension of further loan advances, Lear left the Origins site as it had not been paid on some of its invoices.
24. The Monitor subsequently provided ICI with an accounting and ICI agreed to provide additional financing to complete construction on the townhouses provided; however, that financing would not be advanced until Lear was back on site. Notwithstanding assurances that it would return to the site, Lear has not returned to the site to complete construction. Because of this issue, there is no visibility on when or if construction on the seven remaining townhouses will recommence or be completed. Moreover, the families that have purchased the townhouses through Attainable Homes are, in the Monitor's view, being prejudiced.
25. As a result of the financing/construction issue, Attainable Homes submitted an offer to purchase (the "Offer to Purchase") the seven incomplete townhomes to Origins. Origins has accepted the Offer to Purchase from Attainable Homes. A copy of the Offer to Purchase is attached to the October 23, 2013 Affidavit of Robert Friesen (the "October 23, 2013 Friesen Affidavit").
26. Origins has since advised Lear that Origins has declared their contract to be fundamentally breached and no longer operational.
27. The relevant terms of the Offer to Purchase are as follows:
 - a) The total gross purchase price is \$1,540,000 which is equal to the sale price of the seven units pursuant to the Town house Agreement;
 - b) The seven townhouse units are being purchased "as is – where is";
 - c) The purchase price will be reduced for the following:
 - i. A \$35,000 deposit credit for deposit amounts previously paid by Attainable Homes to Origins on the seven units; and
 - ii. A \$688,863 cost to complete credit; and
 - d) The net purchase price is \$816,137.

28. The \$688,863 in estimated costs to complete the seven townhomes comprises direct construction costs, project management costs, administrative costs, legal fees and construction contingency. UBG management has reviewed the estimated costs to complete the townhouses and agrees with the amount. The Monitor has reviewed a QS report in this regard and is of the view that the costs to complete are reasonable in the circumstances and are representative of costs that will be incurred to provide completed townhouses to the purchasers.
29. The Monitor supports the sale of the incomplete seven townhouses to Attainable Homes and respectfully recommends that this Honourable Court approve the sale for the following reasons:
 - a) Origins is unable to advance the completion of this project;
 - b) Lear is unwilling to return to the site to complete construction of the seven units;
 - c) ICI is not willing to advance further funds unless Lear first returns to the site;
 - d) The net purchase price being paid by Attainable Homes is consistent with the estimated costs to complete the seven townhomes;
 - e) The seven families will have certainty that the townhouse construction will be completed; and
 - f) ICI's loans will be paid in full and ICI supports the sale to Attainable Homes.
30. Subject to general closing costs, amounts necessary to repay ICI and Borrower's Costs (discussed below), the funds realized on the sale to Attainable Homes will be held in trust pending a review of priority to those funds. The Monitor with the assistance of its legal counsel and UBG will commence its priority review as soon as possible.
31. The Borrower's Costs associated with the sale of the seven Origins townhouses totals \$60,932.75. This amount will be paid to UBG's legal counsel. The Monitor is of the view that the Borrower's Costs of approximately 4% of the total purchase price of the seven units is reasonable.

South Terwillegar

32. 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, all but one unit are pre-sold.
33. 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.
34. Construction is ongoing, units are being completed and sales are closing. Scotiabank has advanced two draws under the Interim Financing Agreement. Footprint anticipates that construction will be completed and all sales closed (other than one unsold unit) by November 30, 2013.

Village on the Park ("VOP")

35. The project known as 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.
36. Scotiabank was providing the financing on this project. The Scotiabank loan was retired in full on July 24, 2012.
37. 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.
38. Numerous creditors have made claims against VOP totalling in excess of \$300 million. The Monitor has commenced its review of the claims and expects to conclude its review of all claims by November 30, 2013.

Murals

39. 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. Phase 3 comprising 25 units has not yet started.
40. Unity Investments is the only secured creditor and is owed approximately \$1.4 million (excluding interest). There is no other financing on the project.
41. The project was being built by Stahl General Contracting Inc. ("Stahl") who, according to the proof of claim filed with the Monitor, is owed approximately \$350,000 in respect of Trade debt incurred and \$248,000 in respect of an investment in the project. Pursuant to an agreement with Stahl, Phase 2 was completed.
42. Kohr Builders Inc. ("Kohr"), a company that was established by a former UBG employee, has made a proposal to complete this project (the "Kohr Proposal"). The Monitor understands that a majority of the investors in Murals are in favour of Kohr completing construction and selling the remaining 25 units.
43. The project was not physically impacted by the June 2013 flooding in Alberta; however, there were certain delays as a result of the flooding in High River. The Monitor understands that the basic terms of the Kohr Proposal have been agreed to with some minor amendments still pending and Court approval of the transaction will be sought shortly.

Wilderness

44. 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 a \$525,000 letter of guarantee in favour of the town of Canmore; or ii) provide a cash secured replacement letter of guarantee to the town of Canmore.

45. Highfield assumed the obligations pursuant to the letter of guarantee. Accordingly, from the sales proceeds, \$525,000 is being held by Scotiabank pending Highfield completing the assumed obligations and the town of Canmore agreeing to release the letter of guarantee.
46. The Monitor has been provided with regular reports from Highfield in respect of its progress on the assumed obligations and Highfield is nearing completion of same. Once all the assumed obligations are complete, the Monitor understands that the town of Canmore will conduct an inspection and provided the work has been done to the town of Canmore's satisfaction, the letter of credit will be released. It is not expected that the town of Canmore will conduct its inspection until May or June 2014 as a significant portion of the assumed obligations relate to landscaping which cannot be inspected until late spring or early summer.
47. As the assumed obligations are nearing completion the Monitor will shortly commence its review of the claims filed against the Wilderness Project. The Monitor expects it will complete the majority of its review of the claims by December 31, 2013. Most of the claims against the Wilderness Project are from Trades that provided materials and services to the project. However, there are several law suits filed against Wilderness by some unit purchasers where the unit sales were not concluded and those claims will likely take significantly more time to assess.

Mountaineers II

48. 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.
49. 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 2012.
50. There have been no formal offers for the property but the Monitor was recently contacted by the realtor who indicated that a formal offer may be forthcoming. The Monitor will be following up with the realtor in respect of this matter.

Valmont

51. The sale of the Valmont project was approved by this Honourable Court on August 30, 2013 and closed on September 6, 2013.
52. The Monitor holds the sales proceeds which, subject to a review of all claims submitted by creditors, are estimated to be sufficient to pay all Trades 100 cents on the dollar on amounts owing prior to May 9, 2012.
53. The Monitor has commenced its claims review and anticipates concluding that review by November 30, 2013 with funds to be distributed as soon as practical thereafter.

SINGLE FAMILY PROJECTS

Greenboro Estate Homes Limited Partnership

54. The Monitor in its Fourteenth Report advised this Honourable Court that GEH's Plan had been approved by the requisite majority of Affected Creditors voting thereon at the Meeting, in person, by Proxy or mail.
55. On October 10, 2013 the Court issued an order approving GEH's Plan (the "Sanction Order").
56. GEH is taking all actions necessary or appropriate, in accordance with the terms of the Plan, and Sanction Order to consummate all contracts and agreements for implementation of the Plan. The Monitor, as at the date of this Report, is not aware of any impediments that would prevent GEH from implementing its Plan. GEH's Plan is anticipated to be implemented on or about October 31, 2013.
57. The Monitor has reviewed the claims of the Affected Creditors and has issued several disallowances in respect of those claims. The Monitor has received several Dispute Notices from creditors and will be addressing those disputes in as timely a basis as possible.

Greenboro Homes Limited Partnership

58. The Monitor outlined in its Eleventh Report the refinancing with Sterling Bridge Mortgage Corporation ("Sterling Bridge") to refinance GHL's ongoing operations.
59. On July 10, 2013 this Honourable Court approved the term sheet between Sterling Bridge and GHL (the "Emergence Order").
60. On August 29, 2013 the Monitor filed the required Monitor's Certificate and GHL has emerged from these CCAA Proceedings.
61. The Monitor holds required funds to pay the GHL creditors 100 cents on the dollar in respect of their proven claims. The Monitor has reviewed all the GHL claims and has issued several disallowances in respect of those claims. The Monitor has received several Dispute Notices from creditors and is in the process of addressing those disputes. The quantum of the disputes will not impact the Monitor's timing of the distribution of the funds it holds to creditors. The Monitor anticipates making a distribution on or before October 31, 2013 to those Affected Creditors whose claims have been accepted.

Today's Homes

62. Certain of Today's Homes' single family homes are financed by Sterling Bridge. UBG entered into a lending agreement with Sterling Bridge to provide financing to Today's Homes of up to \$6.0 million. 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. Construction of the homes is currently in progress and eight sales have closed.

63. 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. Construction on those four homes is in progress.
64. As a part of the restructuring of other UBG entities, UBG no longer has the ability to support the ongoing operation of Today's Homes' business. To address this issue, Today's Homes negotiated an interim construction management agreement with a third party to complete the development of a portion of its remaining housing inventory.
65. Today's Homes is also a party to lot purchase agreements (the "LPA") with United Communities LP, as developer (the "Developer"), to acquire lots in the Sage Hill and Nolan Hill developments (there are a total of 40 lots) in the Calgary area (collectively, the "Lots"). Today's Homes provided the Developer with deposits for the Lots but it was until now, unable to obtain the requisite financing to pay the balance of the purchase price and interest owing on the Lots.
66. Today's Homes has arranged first mortgage financing (the "GHL Loan") to purchase the 40 Lots from United Communities and to build single family homes on the Lots. A copy of the GHL Loan is attached to the October 23, 2013 Friesen Affidavit.
67. The GHL Loan provides for two facilities. The Lot Purchase Facility up to \$6.7 million will be for the purpose of acquiring all rights, title and interest to the Lots. The amount of the Lot Purchase Facility will be equal to the balance of the purchase price of the 40 Lots (net of deposits) plus accrued interest owing up to the date the purchase closes, plus financing costs and an interest reserve. Based on information available to the Monitor, the amount that will be owed to the Developer in respect of the 40 Lots as at November 30, 2013 will be \$5,719,815.93. The Construction Facility is for Today's Homes to complete construction of the single family homes on the 40 Lots.
68. Concurrent with the GHL Loan, Today's Homes will enter into an Interim Management Services Agreement (the "IMSA") with GHL to assist it with its business. A copy of the Interim Management Services Agreement is attached to the October 23, 2013 Friesen Affidavit.
69. The IMSA stipulates that GHL will provide managerial, technical, and operational services as Today's Homes may reasonably require or request of GHL in connection with its business including General Services (reporting to the Monitor and preparing financial statements), Construction of Houses (designing and preparing house plans, obtaining permits and building houses), and Sales of Houses. The Services provided by GHL are subject to the oversight, direction and approval of Today's Homes and the oversight of the Monitor.
70. The GHL Loan contains an option ("The Option") for GHL to purchase all or any part of the Lots for: i) an amount equal to \$480,000 (\$12,000 per lot) less any amounts paid in respect of Borrower's Cost), plus ii) all obligations owing by Today's Homes to GHL pursuant to the GHL Loan. GHL's right to exercise The Option is subject to several conditions precedent, the more salient ones being; i) Today's Homes is in breach of the GHL Loan, which breach is not waived by GHL, or ii) a material adverse change occurs to the status of these CCAA Proceedings. Granting The Option was an integral component of the GHL Loan as it provides GHL with an exit strategy for its loan advance if Today's Homes defaults under its commitments to GHL.

71. The Monitor engaged Cushman & Wakefield ("Cushman") to provide an appraisal on the 40 Lots. The Monitor received the appraisal on September 5, 2013. Cushman's opinion of the value of the 40 Lots is approximately \$400,000 more than the amount (both principal and interest) owed to the Developer.
72. The Monitor respectfully recommends that this Honourable Court approve the GHL Loan and the IMSA for the following reasons:
 - a) Obtaining the 40 Lots will maximize recoveries for Today's Homes;
 - b) The purchase agreement with the Developer will be honoured and the Developer will recover all amounts owed to it in respect of the 40 Lots including accrued interest;
 - c) The IMSA will allow houses to be constructed on the 40 Lots further maximizing recoveries for Today's Homes; and
 - d) The GHL Loan will allow Today's Homes to consider options to emerge from these CCAA Proceedings.
73. In the event there is subsequently a change to Today's Homes business such that it is in breach of the GHL Loan or there is a material adverse change to these CCAA Proceedings, The Option provides for a fair market value amount to be paid by GHL such that Today's Homes creditors will obtain some recovery on pre May 9, 2012 amounts owed to them.

UBG LAND LIMITED PARTNERSHIP

74. The purpose of UBG Land was to enter into joint venture agreements ("JVAs") with certain third parties to acquire and build land inventories, and subdividing, servicing and selling those lands as single and multi-family development properties. The JVAs allow UBG to participate in a broader range of products with a lower up front capital cost.
75. The time horizon for development was long term as the majority of the land inventories remain bare land and are not yet under development.
76. Through the JVAs, lands are normally contributed by a JV party and held by a corporation (as nominee) or that JV party for and on behalf of the JV parties. Each JV party has a beneficial interest in the lands in proportion to the value it has contributed to the JV, either in land or in cash. Each JV party is required to make capital contributions for the duration of the JV; however, if a JV party fails to make its required capital contribution, its capital contribution may be covered by the other JV parties in the form of a loan secured by a lien against the defaulting party's beneficial interest.
77. In some cases, UBG's interest in a JV may be further contributed to a second JV with another group of participants, further sharing costs and recoveries.
78. Based on information available to the Monitor, UBG Land is a party to approximately 14 JVAs with UBG Land's beneficial interest generally being less than 10%.

79. UBG's legal counsel and the Monitor have 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 Monitor, once each JVA has been reviewed and the status thereof is understood, will commence a process to determine the value of UBG Land's beneficial interest in each of the JVs.

INVESTORS

80. The Company attracted investment through its Unity Investments division as described in the Second Report and more fully in the May 8th Friesen Affidavit.
81. There are approximately 227 individual investors invested through Unity Investments, ABC Capital and ABC US Capital.
82. 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.
83. Amounts will continue to be paid to ABC Capital as single family house sales close and funds become available.
84. In respect of the multi-family projects, amounts to be recovered by the 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.
85. ABC US Capital financed lots in the United States. The Monitor is advised that in the United States UBG owns 91 lots. The Majority of the lots are located in the Banning Lewis and Dublin Terrace areas in Colorado. There are 8 lots located in San Antonio.
86. The Monitor is advised that 67 lots are financed by ABC US Capital, 13 in Banning Lewis and the remainder in Dublin Terrace. An offer was received on the Banning Lewis lots and the prospective purchaser has now concluded its due diligence and is prepared to close.
87. Loan facilities in the United States are with PNC Bank ("PNC"). PNC has appointed a receiver over the assets subject to its security in the United States. There is confusion on the priority of PNC's and ABC US Capital's security and whether PNC's security covers all lots in the United States.
88. The Monitor is communicating with the various investors as and when necessary in respect of their investments.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

89. The Monitor supports the Company's request for an extension of the stay of proceedings from October 31, 2013 to November 29, 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 implementing exit strategies in respect of the Canmore marketplace, selling projects and assets that are uneconomic, emerging GHL from these CCAA Proceedings and advancing the GEH Plan;
- c) The Company continues to focus its resources on the various projects that remain under construction; and
- d) An extension will provide:
 - i. the Company's management team, with the assistance of the Monitor, an opportunity to continue to review certain projects and develop go forward strategies on a project specific basis; and
 - ii. 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

90. 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 22nd day of October 2013.

**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