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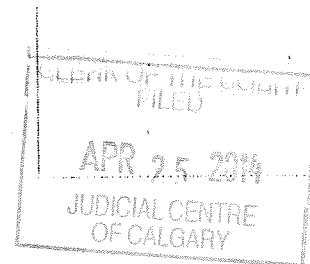
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COURT

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

SEVENTEENTH 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 16 reports plus 10 project-specific reports in these CCAA Proceedings in connection with various Court applications made by UBG including obtaining approval for various Protocols for interim financing with several of the Company's lenders.
3. Pursuant to a Court Order made on December 2, 2013, the stay of proceedings under the Initial Order was extended to April 30, 2014.
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 seventeenth 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 seventeenth report ("Report") is to:
 - a) Provide an update on certain of the Company's development projects; and
 - b) Respectfully recommend that this Honourable Court make an order extending the stay of proceedings under the Initial Order to September 12, 2014.

Terms of Reference

7. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the information. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

Currency

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

BACKGROUND

Overview

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

COMPANY'S ACTIVITIES

11. UBG continues to address various Projects. Those efforts include:
 - a) Continuing to close Residential Units. UBG has closed more than 260 homes since the date of the Initial Order;
 - b) Meeting with certain Company lenders;
 - c) Meeting with representatives of Alberta New Home Warranty Program ("ANHWP");
 - d) Quitclaiming UBG's head office property located in Calgary, Alberta owned by UBG 808 Calgary Limited Partnership to ICI Capital Corporation ("ICI");
 - e) Quitclaiming and or conveying 31 condominium units located in Canmore, Alberta owned by Timberline Lodges Limited Partnership to ICI and Bank of Montreal ("BMO");
 - f) Closing the sale of the property located in Canmore owned by The Ledges Limited Partnership;
 - g) Listing for sale the property of the Mountaineers Village II Project located in Canmore;
 - h) Closing the sale of 19 condominium units located in Canmore owned by Wilderness Ridge at Stewart Creek Limited Partnership ("Wilderness");

- i) Closing the sale of the commercial property located in Canmore owned by UBG 75 Canmore Limited Partnership;
- j) Closing the sale of the property located in Edmonton, Alberta owned by Village at the Hamptons Limited Partnership;
- k) Closing the sale of the property located in Edmonton owned by Edgewater at Griesbach Limited Partnership;
- l) Closing the agreement for transfer of the property located in Calgary owned by UBG Bridges Limited Partnership ("Bridges");
- m) Concluding the Terwillegar Project;
- n) Vesting the lands located in Calgary owned by Valour Park at Currie Limited Partnership ("Valour Park") to Canadian Western Bank ("CWB");
- o) Closing the sale of the property located in Edmonton owned by Village at Laurels Limited Partnership;
- p) Closing the sale of the Project located in Calgary owned by Valmont at Aspen Stone Limited Partnership ("Valmont");
- q) Closing the sale of seven townhouse units owned by Origins at Cranston Limited Partnership ("Origins") to Attainable Homes Calgary Corporation ("Attainable Homes");
- r) Negotiating first the financing and completion of, and then the return of, the 40 Calgary lots owned by Today's Homes to United Communities;
- s) Successfully emerging Greenboro Homes Limited ("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") and successfully closing the transactions contemplated by the Plan and implementing same;
- u) Working with the Monitor and its legal counsel to assess claims filed by creditors in these CCAA Proceedings; and
- v) 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 three phase multi-family development located in south east Calgary. It comprises a total of 140 units (24 townhomes and 116 condominiums). Phase 1 is a 48 unit condominium building which is complete and all sales have closed. One unit has not been sold

- and is being retained as a show suite. Construction on Phase 3 consisting of 68 units has not been started.
13. Phase 2 comprises 24 townhomes. 17 were completed by UBG and these sales have closed. The remaining seven townhomes were sold to Attainable Homes and that sale closed in early November 2013.
 14. Origins was financed by ICI. ICI loans were paid out in full concurrent with the closing of the sale of the seven townhomes to Attainable Homes.
 15. Origins is also financed by Unity Investments which holds a second secured charge on the property subordinate to ICI. Unity Investments is owed more than \$7.0 million.
 16. There is a private investor that holds a 50% equity interest in Origins having made an initial contribution of approximately \$1.75 million. The private investor is currently owed approximately \$1.75 million.
 17. Lear Construction Management Ltd. ("Lear") was building Origins; however, prior to completing construction on the 24 townhomes Lear stopped working and did not return to the Origins construction site. Lear is owed significant amounts for costs incurred pre-May 9, 2012 and also for amounts owed post-May 9, 2012.
 18. Lear filed an application returnable November 26, 2013 seeking various relief including orders: i) determining the amount owing to Lear; ii) that the amount is immediately due and payable and must be paid forthwith; and iii) requesting additional accounting information in connection with the ICI loan draws and the sales proceeds from the sale of Phases 1 and 2.
 19. With respect to pre-May 9, 2012 amounts owed to Lear, those amounts will be addressed in due course as part of the Claims Process and will be subject to not only establishing the validity of these claims, but also to priority claims and realizations on the Origins Project.
 20. In respect of post-May 9, 2012 amounts owed to Lear, Lear has submitted invoices to Origins which indicate that costs have increased over budgeted costs. As Lear is aware, the funds provided by ICI were a fixed amount and no additional funds were available from the ICI loan facilities to address any increased costs. The cost consultant retained on the project approved Lear's invoices in accordance with the agreed upon budget. No additional amounts have been approved for payment to Lear.
 21. UBG and the Monitor have provided Lear with certain Origins accounting information and have met to discuss the same. The Monitor and Lear have been exchanging additional information with a view to determine additional amounts that may be owed to Lear and whether matters can be settled or a trial of an issue is necessary.
 22. The Monitor has been contacted by some parties expressing an interest in purchasing the Phase 3 lands. The Monitor expects to receive an offer from an unrelated party in the next few weeks which is expected to stand as a "Stalking Horse" offer. Upon receipt of such offer, UBG will make an application to this Honourable Court in respect of same.

South Terwillegar

23. The project known as South Terwillegar is a two phase 112 unit townhome complex located in Edmonton, Alberta. All construction, except for a small amount of landscaping scheduled to be completed in the spring of 2014, is complete.
24. On July 10, 2013 UBG entered into an Interim Financing Agreement with Scotiabank whereby Scotiabank agreed to finance the remaining construction costs on 22 unfinished units. Concurrently, UBG entered into an Amended Development Agreement with Footprint Developments Ltd. ("Footprint") to complete construction of Terwillegar. Scotiabank was paid its loans in full in December 2013.
25. Unity Investments also provided financing on the South Terwillegar project. Unity Investments holds a second secured position and is currently owed approximately \$1.95 million excluding interest.
26. Based on the sales proceeds and the costs incurred to complete construction, the Monitor estimates that there will be funds available for a partial distribution to Unity Investments. A distribution to Unity Investments and the timing thereof will be subject to resolution of the remaining landscaping matters.

Village on the Park ("VOP")

27. 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.
28. Scotiabank was providing the financing on this project. The Scotiabank loan was retired in full on July 24, 2012.
29. There are amounts owed to Trades in respect of construction and amounts also owed to Lear for its role in the construction. UBG has identified several deficiencies and a list of those deficiencies has been provided to Lear. Those deficiencies have not yet been addressed. Lear is of the view that its contract is a cost plus contract and that the costs to rectify any deficiencies are for VOP's account. UBG and the Monitor disagree with Lear's position and have taken alternative steps to have the deficiencies completed.
30. Numerous creditors have made claims against VOP totalling in excess of \$300 million. The Monitor has completed its review of the majority of the claims however it is likely some of those claims will be disputed. No distribution can be made until disputed claims are resolved. The timing to address the disputed claims is currently unknown.

Murals

31. The project known as Murals is a three phase 59 townhome unit complex located in High River, Alberta. Phase 1 comprising 18 units and Phase 2 comprising 16 units are complete and the sales of all units in Phase 1 and 2 have closed. Phase 3 comprising 25 units has not yet started.

32. Unity Investments is the only secured creditor and is owed approximately \$2.147 million (which includes interest of approximately \$313,945). There is no other financing on the project.
33. The project was being built by Stahl General Contracting Inc. ("Stahl") who claims it is owed monies in respect of trade debt incurred on the project and an investment in the Murals project. UBG disputes the Stahl claims.
34. Kohr Builders Inc. ("Kohr"), a company that was established by a former UBG employee (and now a consultant), made a proposal to complete this project (the "Kohr Proposal"). The Monitor understands that a majority of the investors in Murals are in favour of Kohr completing construction; however, prior to doing so, the Investors want the property conveyed to 1795288 Alberta Ltd. ("1795288"), a nominee company outside of these CCAA Proceedings.
35. In consultation with UBG and the Monitor, the Investors in the Murals Project advised that they wished to take control of the 25 Phase 3 lots subject to their security. UBG and the Monitor support this course of action.
36. Nothing in the transaction is intended to discharge or release UBG's obligations to the Investors.
37. As detailed in the Monitor's report in respect of the Murals Project dated January 13, 2014 (the "Murals Report") the Monitor recommended the conveyance of the Murals Project to 1795288.
38. The transaction was objected to, however the objection was withdrawn and on March 4, 2014, this Honourable Court made an order approving, *inter alia* the conveyance of the Murals Project to 1795288. The transaction is anticipated to close on or about May 30, 2014. .

Wilderness

39. 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 \$500,000 held in the favour of the town of Canmore in respect of landscaping requirements and \$25,000 in favour of ANHWP; or ii) provide a cash secured replacement letter of guarantee to the town of Canmore.
40. Highfield assumed the obligations pursuant to the letter of guarantee. Accordingly, from the sales proceeds, \$525,000 was being held by Scotiabank pending Highfield completing the assumed obligations, the town of Canmore agreeing to release the letter of guarantee and addressing any warranty claims covered by ANHWP.
41. The Town of Canmore recently agreed to release \$450,000 of the \$500,000 guarantee and those funds will be available for distribution to the Wilderness project creditors on a pro rata basis once all creditor claims have been resolved.
42. The Monitor has completed its review of the claims filed against the Wilderness Project. A small number of claims remain unresolved, including some law suits filed against Wilderness by some unit purchasers where the unit sales were not concluded. The Monitor is working to finalize these claims and expects to issue Notices of Revision or Disallowance in the near future.

Mountaineers II

43. 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.
44. The Monitor solicited a listing proposal from a large independent real estate firm indicating a suggested listing price of \$1.6 million. The Court approved listing Mountaineers II lands for sale and the property was placed on the market in January 2013.
45. There have been no formal offers for the property and it remains listed for sale.
46. The Investors have expressed a desire to have the property conveyed to them through the establishment of a holding company. The Monitor understands that the process of establishing the holding company and a mechanism to address outstanding property taxes are underway. Once the terms of the transaction are in place it is anticipated an application will be made to this Honourable Court seeking approval for the property to be transferred.

Valmont

47. The sale of the Valmont project was approved by this Honourable Court on August 30, 2013 and closed on September 6, 2013.
48. As detailed in the Monitor's report to Court on April 11, 2014 in respect of the Valmont project (the "Second Valmont Report"), there is an ongoing dispute with Square Foot Real Estate Corporation ("Square Foot") with respect to:
 - a) ownership of all of the interior furnishings, layout boards and sales materials located in the Valmont sales centre (collectively, the "Assets"); and
 - b) the agreement between Valmont and Square Foot (the "Valmont Square Foot Agreement") relating to the portion of commissions payable upon a confirmed unit sale.
49. This matter is ongoing. With respect to the Assets, cross examinations on affidavits are scheduled for April 29, 2014 and a Court date to hear the matter is scheduled for May 28, 2014. The commissions issue will be dealt with at a later date.
50. The Monitor completed its review of all Proofs of Claim received and Notices of Acceptance and Notices of Revision or Disallowance were issued in respect of all Proofs of Claim received. Four Dispute Notices (including the Square Foot matter noted above) were received and the Monitor is working to resolve those disputes.
51. West Gallant Developments Ltd. ("West Gallant") submitted a claim against Valmont in the amount of \$4,940,000. The Monitor does not dispute the quantum of West Gallant's claim but rather its priority. West Gallant filed a Notice of Dispute with the Monitor and the claim has not been resolved.

52. The resolution of the Square Foot and West Gallant claims is required prior to the Monitor making a distribution to the Valmont Project's creditors. The timing of the Distribution is unknown at this time, and the Monitor is working to resolve the disputes as quickly as possible.
53. There are valid lien claims filed against Valmont that have priority over the other creditors. The Monitor plans to distribute funds to the valid lien claimants prior to the end of May, 2014.

Other Multi-Family Projects

54. All matters in respect of Timberline, Ledges, Village at the Hamptons, Edgewater at Griesbach and Village at Laurels have essentially been concluded other than certain required tax filings. The Monitor does not anticipate any additional reporting to this Honourable Court in respect of these five multi-family projects.
55. Pursuant to the Bridges Settlement Agreement Order, the distribution of funds from the sale of the Bridges project had not been concluded. As described in Monitors reports in respect of the Bridges project dated October 3, 2013 (the "Bridges Report") and November 12, 2013 (the "Supplemental Bridges Report"), the Monitor set out a potential distribution of the Claims Reserve.
56. Pursuant to an order made by this Honourable Court on January 27, 2014, a revised distribution of the Claims Reserve was ordered and funds have been distribution pursuant to the January 27, 2014 order.
57. The Valour Park project has been returned to CWB pursuant to previous Monitor's reports. There are no funds for creditors or investors.
58. With respect to the trial of an issue that was directed to determine which parties, if any, are liable to purchasers at Valour Park for unrecovered deposits, the pleadings are nearing completion and many of the parties are working to complete their document production. The parties to the Valour Park litigation are scheduled to attend Court on May 6, 2014 to address certain procedural matters.

SINGLE FAMILY PROJECTS

Greenboro Estate Homes Limited Partnership

59. On October 10, 2013 the Court issued an order approving GEH's Plan (the "Sanction Order") and the Plan was implemented on December 31, 2013.
60. The Monitor has reviewed the claims against GEH and issued several Notices of Revision or Disallowance. The Monitor has distributed \$1,378,682.38 to the GEH creditors and holds approximately \$220,000 in reserve to address disputed claims. There remain nine unresolved claims that the Monitor is addressing to attempt to resolve on a timely basis.

Greenboro Luxury Homes

61. Greenboro Luxury Homes Currie Barracks 1A Limited Partnership ("Greenboro Luxury LP") was created to acquire and develop lands in the Currie Barracks area of Calgary. The project is limited

to 16 high-value lots. As of the date of the CCAA Proceedings 14 homes had been developed and sold. Construction on the two remaining homes commenced during the CCAA Proceedings.

62. One property has been completed and the sale has closed. The sale on the remaining home is expected to close in May 2014.
63. The construction financing is provided by The Toronto-Dominion Bank ("TD") pursuant to a financing protocol approved by this Honourable Court. The proceeds to be realized once the closing of the final home occurs will be sufficient to retire the Greenboro Luxury TD loan in full.
64. There will be funds remaining once TD's loan is paid. The Monitor will be reviewing claims against those funds after the TD loan is repaid.

Greenboro Homes Limited Partnership

65. On August 29, 2013 the Monitor filed the required Monitor's Certificate and GHL has emerged from these CCAA Proceedings.
66. The Monitor holds required funds to pay the GHL creditors 100 cents on the dollar in respect of their proven claims. The Monitor has distributed \$3,429,375.87 to the GHL creditors. There are approximately six claims that remain in dispute and no distributions have been made to the disputing creditors. The Monitor is attempting to resolve the disputed claims outside of a Court process. If negotiated settlements cannot be reached in respect of the disputed claims the Monitor will make an application to Court for determination of the quantum thereof.

Today's Homes

67. Certain of Today's Homes' single family homes are financed by Sterling Bridge Mortgage Corporation ("Sterling Bridge"). UBG entered into a lending agreement with Sterling Bridge to provide financing to Today's Homes of up to \$6.0 million to construct 17 homes. The Sterling Bridge Protocol which was approved by this Honourable Court on September 14, 2012 governs the financing relationship. Details of each of the Today's Homes projects are contained in the Second Report and the May 8th Friesen Affidavit. Construction of the homes is currently in progress. 13 sales have closed with four homes under construction.
68. 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. Sales of three of the houses have closed and the sale of the fourth house is expected to close shortly.
69. On December 2, 2013, this Honourable Court approved the Settlement Agreement between UBG and the developer of 40 lots owned by Today's Home. The Settlement Agreement resulted in approximately \$650,000 being realized for the benefit of Today's Homes' stakeholders.
70. The Monitor plans to commence its review of claims filed against Today's Homes later in the year as additional homes close. Any distribution and the amount thereof to Today's Homes creditors will not be known until the remaining house sales have closed.

UBG LAND LIMITED PARTNERSHIP

71. The purpose of UBG Land was to enter into joint venture agreements ("JVAs") with certain third parties to acquire and build land inventories, and subdivide, service and 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.
72. The time horizon for development was long term as the majority of the land inventories remain bare land and are not yet under development.
73. 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.
74. 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.
75. Based on information available to the Monitor, UBG Land is a party to a number of JVAs with UBG Land's beneficial interest generally being less than 10%.
76. UBG's legal counsel and the Monitor commenced a review of the JVAs to confirm UBG's ownership percentage, the status of each JV and whether the JVAs are in good standing. The JVAs contain numerous provisions in respect of default, prohibitions of sale, assignment or transfer which are complicated and will take time to assess. The review is ongoing.
77. In addition to the JV's, UBG Land owns 21 lots located near Strathmore, Alberta. A realtor has been retained and those lots are expected to be listed for sale within the next two weeks. All 21 lots are mortgaged with ABC Capital and the investors in respect of the 21 lots are supportive of the listing of the lots for sale.

INVESTORS

78. The Company attracted investment through its Unity Investments division as described in the Second Report and more fully in the May 8th Friesen Affidavit.
79. There are approximately 227 individual investors invested through Unity Investments, ABC Capital and ABC US Capital.
80. 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.
81. Certain amounts have been distributed to the investors in ABC Capital in connection with the proceeds realized upon closing single family house sales where the lot purchase was financed by ABC Capital.

82. This month ABC Capital received \$1,115,431.86 from GEH as repayment of lot purchase financing for certain properties that were sold by GEH. ABC Capital is currently preparing the requisite documentation to distribute funds to investors from these proceeds. It is expected that funds will be distributed to investors in late April.
83. In respect of the multi-family projects, amounts to be recovered by the Unity Investments investors will depend on the quantum of proceeds realized from the sale of condominium units or from the property on those projects where the entire project has been sold, quit claimed or conveyed to the secured lender. Investors in the multi-family projects Murals, Origins, Mountaineers II, South Terwillegar and VOP will experience some recovery on their investments. Investors in Valour Park and Timberline are not expected to recover any amounts in respect of their investments.
84. 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.
85. The Monitor is advised that 67 lots are financed by ABC US Capital, 13 in Banning Lewis and the remainder in Dublin Terrace.
86. 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. UBG and the Monitor are following up with the receiver in this regard.
87. UBG and the Monitor have been working with representatives of the ABC US Capital investors in respect of a proposed arrangement whereby the investors would advance, subject to Court approval, their claim against the United States properties. Court approval for this arrangement is expected to be sought prior to the end of May 2014.

TAX RETURNS

88. Pursuant to an order granting the Monitor certain enhanced powers issued on December 2, 2013 (the "Enhanced Powers Order"), the Monitor has been working to assist UBG to provide tax returns and GST returns for the various UBG entities.
89. Prior to the granting of the Enhanced Powers Order, as part of the restructuring and emergence from CCAA of one of the UBG entities, the computer server containing all associated electronic information pertaining to UBG was transferred to Calbridge. The Monitor subsequently ascertained that the information required to complete the tax returns for the UBG investors was stored on the transferred server.
90. The Monitor has been liaising with Calbridge for several months to obtain the relevant information stored on the former UBG server. This process has been time consuming and although partial access to the server has now been granted to the Monitor, the Monitor does not as yet have all the information it requires to complete the tax returns.

91. Additionally, it has been necessary to request in writing historic returns and information from Canada Revenue Agency ("CRA"), and the Monitor has had numerous discussions with CRA to expedite the production of this information. To date, however, the Monitor has not received all the requested information from CRA.
92. The Monitor is working on completing the required tax returns and filings.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

93. The Monitor supports the Company's request for an extension of the stay of proceedings from April 30, 2014 to September 12, 2014 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, continuing and completing construction on both single family and multi-family projects and emerging GHL and GEH from these CCAA Proceedings;
 - c) The Company continues to focus its resources on selling the uneconomic projects and on projects that remain under construction;
 - d) The Company requires additional time to resolve various claims and to complete tax filings and construction deficiencies; and
 - e) An extension will provide the Company with an opportunity to continue to monetize certain of its assets, under the supervision of this Court, which is expected to maximize recoveries for all stakeholders.

CONCLUSION AND RECOMMENDATION

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

* * *

All of which is respectfully submitted this 24th day of April 2014.

**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