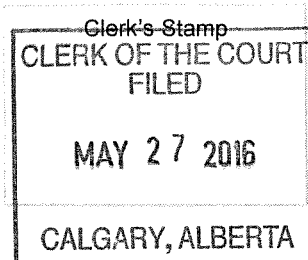


COURT FILE NUMBER **1201-05843**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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

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

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **BENNETT JONES LLP**
4500 Bankers Hall East
855 2nd Street SW
Calgary, AB T2P 4K7
Phone: 403-298-4485
Fax: 403-265-7219
Email: simardc@bennettjones.com
Attention: Chris Simard

TABLE OF CONTENTS

INTRODUCTION.....	1
Purpose of this Report	1
Terms of Reference	1
Currency.....	1
BACKGROUND	2
Overview	2
COMPANY'S ACTIVITIES	2
MULTI-FAMILY PROJECTS	4
Origins at Cranston	4
South Terwillegar	5
Village on the Park	6
Murals.....	6
Wilderness	7
Mountaineers II	7
Valmont.....	8
SINGLE FAMILY PROJECTS.....	9
Greenboro Estate Homes Limited Partnership	9
Mystic Ridge.....	9
Greenboro Luxury Homes.....	10
Greenboro Homes Limited Partnership	10
Today's Homes	10
UBG LAND LIMITED PARTNERSHIP	11
INVESTORS	11
TAX RETURNS.....	12
COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS.....	12
CONCLUSION AND RECOMMENDATION	13

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 24 reports plus 14 project-specific reports in these CCAA Proceedings in connection with various Court applications made by UBG and other parties including obtaining approval for various Protocols for interim financing with several of the Company's lenders.
3. Pursuant to a Court Order made on March 31, 2016, the stay of proceedings under the Initial Order was extended to May 31, 2016.
4. The primary purposes of the CCAA Proceedings are to protect UBG's business and operations, to allow UBG an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its credit facilities, all under a court-supervised process.
5. Capitalized terms not defined in this twenty-fifth report (the "**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 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 July 31, 2016.

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 and its advisors continue to address various Projects. Since the commencement of the CCAA Proceedings, those efforts, among other things, include:
 - a) Continuing to close the sale of Residential Units;
 - b) Discussions and meetings with certain Company lenders;
 - c) Discussions and meetings with Alberta New Home Warranty Program ("**ANHWP**");
 - d) Quitclaiming UBG's head office property located in Calgary, Alberta owned by UBG 808 Calgary Limited Partnership to ICI Capital Corporation ("**ICI**");
 - e) Quitclaiming and or conveying 31 condominium units located in Canmore, Alberta owned by Timberline Lodges Limited Partnership to ICI and Bank of Montreal ("**BMO**");
 - f) Closing the sale of the property located in Canmore owned by The Ledges Limited Partnership;
 - g) Communicating with investors and Olympia Trust Company in respect of a solution to the Mountaineers Village II Project located in Canmore;

- h) Closing the sale of 19 condominium units located in Canmore owned by Wilderness Ridge at Stewart Creek Limited Partnership ("**Wilderness**") and making a distribution to the creditors of 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 and making an initial distribution to the Terwillegar investors;
- 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) Collecting an intercompany receivable Wilderness Homes by Riverdale Limited Partnership ("**Riverdale**") and making a distribution to the creditors of Riverdale;
- s) Negotiating the financing and completion of, and then the return of, 40 Calgary lots owned by Today's Homes to United Communities;
- t) Successfully emerging Greenboro Homes Limited Partnership ("**GHL**") from these CCAA Proceedings effective August 29, 2013;
- u) Obtaining Court approval of a stalking horse solicitation process and subsequently a sale vesting Order in respect of Phase 3 of the Origins Project;
- v) Resolving disputes in respect of claims against the Origins net sales proceeds and distributing funds to creditors;
- w) Communicating and working with the investors in ABC US Capital and United States legal counsel in connection with the Court approved assignment of security to Valiant Trust Company ("**Valiant**");

- x) Communicating and working with the investors in the Murals at High Pointe Project, including the appointment of an investor steering committee, listing the Murals Project for sale and accepting the Fennell Offer (defined later in this Report);
- y) 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;
- z) Working with Calbridge Homes in connection with developers, lenders, creditors and stakeholders;
- aa) Undertaking a detailed review of the banking information of the Village on the Park Project ("VOP"), negotiating a settlement with Lear Construction Management Ltd. ("Lear") and making a distribution to the VOP creditors and equity holders;
- bb) Working with the Monitor and its legal counsel to assess claims filed by creditors in these CCAA Proceedings including obtaining certain settlements;
- cc) Dealing with various lienholders in connection with the establishment, maintenance, verification and payment of various lien claims;
- dd) Addressing various Goods and Services Tax ("GST") matters; and
- ee) Working with legal counsel and the Monitor in respect of certain UBG joint venture arrangements held by UBG Land Inc. ("**UBG Land**").

MULTI-FAMILY PROJECTS

Origins at Cranston

12. The Origins project is a three phase multi-family development located in south east Calgary. It comprises a total of 140 units (24 townhomes and 116 condominiums). Phase 1 is a 48 unit condominium building which is complete and all sales have closed. One unit that was not sold was transferred to Lear in connection with a Distribution Order granted by this Honourable Court on October 30, 2015. Construction on Phase 3 consisting of 68 units had not been started and the bare land was sold with the Court approving such sale on August 4, 2014. The sale subsequently closed in late September 2014.
13. Phase 2 comprises 24 townhomes. 17 were completed by UBG and these sales have closed. The remaining seven townhomes were sold to Attainable Homes and that sale closed in early November 2013.
14. Origins was financed by ICI. ICI's loans were paid out in full concurrent with the closing of the sale of the seven townhomes to Attainable Homes.
15. Origins was also financed by Unity Investments which holds a second secured charge on the property subordinate to ICI. In respect of Unity Investments loan, debenture holders represented by Valiant Trust, as trustee, are owed more than \$7.0 million. Pursuant to the Distribution Order, the majority of the proceeds realized on the sale of Phase 3 were distributed to the Investors.

16. All Origins funds have been distributed pursuant to the Distribution Order other than approximately \$60,000.
17. UBG's legal counsel, Dentons Canada LLP ("**Dentons**") holds approximately \$60,000 relating to the Origins Project as a holdback in connection with several deficiency and warranty claims made against those funds. Dentons and the Monitor have reviewed the deficiency and warranty claims and are of the view that a portion of those claims are valid claims against the funds held by Dentons.
18. The Monitor recently wrote to Lear's legal counsel proposing a settlement in respect of the remaining funds where a portion of those funds would be paid to the Origins condominium corporation for the deficiency and warranty claims and the balance (after deduction of fees for the review of the deficiency and warranty claims) would be paid to Lear. The Monitor is waiting for a response from Lear's legal counsel.

South Terwillegar

19. The project known as South Terwillegar is a two phase 112 unit townhome complex located in Edmonton, Alberta. All construction is complete.
20. 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.
21. 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.
22. On or about July 24, 2015, pursuant to an interim distribution Order dated June 30, 2015, the Monitor made a \$601,000 interim distribution to the South Terwillegar investors.
23. The Monitor and UBG's counsel hold approximately \$200,000 from unit sales in respect of the following:
 - a) Approximately \$85,000 in respect of GST potentially payable to the Canada Revenue Agency. To date, the Monitor has remitted to CRA approximately \$136,000 of the \$221,000 originally withheld in respect of potential GST liabilities. The Monitor is in the process of preparing the remaining outstanding GST returns for this project; and
 - b) A contingency of approximately \$100,000 in respect of potential additional matters or costs that may be incurred to conclude administration on the South Terwillegar project.

- c) \$10,000 holdback for deficiencies relating to the first phase of the project. The Monitor has agreed to allow the Condominium Corporation responsible for this phase a maximum of \$126,000 to address these deficiencies. To date, approximately \$116,000 has been paid;
- 24. There are two letters of credit, one in the amount of \$30,000 for the benefit of ANHWP and one in the amount of \$15,000 held by the City of Edmonton. ANHWP has advised the Monitor that all opened claims have now been resolved and that ANHWP is owed approximately \$6,100 in respect of warranty remediation costs. The Monitor is working with ANHWP to release the letter of credit and recover net proceeds of \$23,900 for South Terwillegar.
- 25. The Monitor understands that the City of Edmonton will retain the \$15,000 letter of credit for a period of two years from the final sign off on landscaping. Accordingly, these funds will likely not be releasable until later in 2016.
- 26. Should additional funds eventually be available from the holdbacks noted above, a second distribution will be made to the investors.

Village on the Park

- 27. The project known as Village on the Park 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. Pursuant to the terms of the consent order granted on September 26, 2015 the Monitor distributed approximately \$518,000 to unsecured creditors with accepted unsecured claims and a payment of \$3.0 million to Paycon Holdings Ltd. ("**Paycon**") in respect of its equity claim.
- 30. The Monitor is holding approximately \$91,000 (approximately \$60,000 payable to Paycon) pending the preparation of the final GST return.

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 (the "**Investors**") is the only secured creditor and is owed approximately \$2.2 million including interest. There is no other financing on the project.
- 33. Phase 2 of the project was completed pursuant to a completion agreement entered into with Stahl General Contracting Inc. Net proceeds from the sale of the Phase 2 units was distributed to the Investors pursuant to the Murals Distribution Court Order issued on March 27, 2015.
- 34. By Extraordinary Resolution, made pursuant to the Investors' security, the Investors appointed an investor Steering Committee to assist with the marketing and sale of Phase 3 of the Murals Project.

35. A marketing and sales process was undertaken by the Steering Committee and a conditional offer was received and recommended to UBG and the Monitor by the Steering Committee (the "Fennell Offer"). The conditions of the Fennell Offer were subsequently satisfied and on June 30, 2015 a sale approval and vesting order was granted by this Honourable Court.
36. As a result of the Fennell Offer failing to close, there have been two amending agreements to the purchase. On October 14, 2015 the Second Purchase Amending Agreement was executed which resulted in an increase of the amount of the vendor take-back mortgage. The Steering Committee advised the Monitor that the Second Purchase Amending Agreement was the most favourable offer that will be received and accordingly the Steering Committee was in favour of closing.
37. The conveyance has closed under the Second Purchase Amending Agreement. Several items remain outstanding, including:
 - a) A distribution of the net proceeds received in respect of the Second Purchase Amending Agreement to the Investors;
 - b) The assignment of the vendor take-back mortgage from High Point to Murals IG Holdings Inc. (the nominee company for the Investors) for the benefit of the Investors;
 - c) The completion of a declaration of trust confirming the role of Murals IG Holdings Inc. as bare trustee for and to the benefit of the Investors; and
 - d) A transfer of certain common property units from High Pointe to Condominium Corporation No. 0913432.
38. There has been a significant delay in completing these items due, in part, to UBG's limited employee resources. UBG has advised the Monitor that it expects to address the items within the next 60 days.

Wilderness

39. The sale of the Wilderness project to Highfield Stock Farm Inc. ("Highfield") closed on May 2, 2013. At the time of the sale, the Town of Canmore held a letter of guarantee in the amount of \$500,000 in respect of certain landscaping obligations. ANHWP held a letter of guarantee in the amount of \$25,000. The Town of Canmore previously released \$495,000 of the guarantee and the remaining amount of \$5,000 was released in November 2015.
40. The Monitor distributed approximately \$1,441,000 to creditors with accepted claims against Wilderness.
41. All matters have been addressed in respect of the Wilderness Project other than filing the final GST return.

Mountaineers II

42. 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 in respect of outstanding property taxes.

43. This Honourable Court approved listing the property for sale in January 2013 at a listing price of \$1.6 million. There were no formal offers received for the property and the listing agreement was allowed to expire.
44. On June 30, 2015 UBG obtained an interim financing Order for the purpose of paying the property taxes accruing against the property.
45. 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 has been underway for an extended period. Recently, UBG was advised that the trustee for the trust indenture would be resigning and a plan is underway to replace the trustee and trust indenture with a new facility in the form of a syndicated mortgage. The Monitor understands that UBG is working with a mortgage administrator to finalize the documentation; however, issues with RRSP administration requirements have delayed that process. It is anticipated that an emergence strategy will be finalized for this project before the next extension date; however, the strategy is presently being reviewed by certain of the Investors and timing for the completion of that review is uncertain.

Valmont

46. The sale of the Valmont project was approved by this Honourable Court on August 30, 2013 and closed on September 6, 2013. Valmont is still in possession of a guest suite and an associated parking stall (collectively, the "**Guest Suite**") which are to be sold to the Valmont Condo Corporation for \$135,000 pursuant to the terms of the Condo Corporation's bylaws (the "**Bylaws**").
47. The Monitor has been working with the Condo Corporation to complete the sale of the Guest Suite. Several administrative matters have been dealt with, although a few items remain to be addressed before the transfer of the Guest Suite will be completed. The Monitor anticipates that the sale of the Guest Suite to the Condo Corporation will close before the end of the proposed stay extension.
48. As detailed in the Monitor's earlier reports to Court in respect of the Valmont project (including the "**Second Valmont Report**" dated July 30, 2014), there are ongoing disputes with certain creditors in respect of the required lien fund, Square Foot Real Estate Corporation ("**Square Foot**") in respect of "back end" commissions and West Gallant Developments Ltd. ("**West Gallant**") in respect of the subordination of its claim and the quantum of certain third party lien claims.
49. The Monitor's attempts to settle the Square Foot dispute were unsuccessful. The Square Foot application was heard on two dates, December 16, 2015 and February 10, 2016. As at the date of this Report the Court has not rendered a decision.
50. West Gallant submitted a claim against Valmont in the amount of \$4,940,000. The Monitor does not dispute the quantum of West Gallant's claim but rather its priority. West Gallant filed a Notice of Dispute with the Monitor and the claim has not been resolved. West Gallant has also raised

questions in respect of certain valid lien claims filed by creditors. The Monitor does not agree with West Gallant's assessment of the lien claims and is attempting to resolve this issue with West Gallant and certain lienholders. West Gallant agreed to the payment of certain lien claims totalling approximately \$482,000. The Monitor issued payments to six lienholders.

51. West Gallant is challenging the lien claims of Burnco, United Rentals and Harris Steel and obtained an order from the Court to obtain copies of the proofs of claim filed by certain lien claimants along with supporting documents of the Company. The Monitor has provided West Gallant with the copies of the documents in its possession in respect of this Order. West Gallant and the lienholders continue to discuss the approach used by the Monitor to calculate the lien fund.
52. The resolution of the Square Foot claim and the West Gallant claim and lien issue is required prior to the Monitor making a final distribution to the Valmont Project's creditors. The timing of the distribution is unknown at this time.

SINGLE FAMILY PROJECTS

Greenboro Estate Homes Limited Partnership

53. On October 10, 2013 the Court issued an order approving GEH's Plan and the Plan was implemented on December 31, 2013.
54. The Monitor has reviewed the claims against GEH and issued several NORs. With the exception of two claims that the Monitor is addressing, all other claims in respect of GEH have been resolved.

Mystic Ridge

55. Mystic Ridge is a single family project located in West Calgary comprising three phases. Phase 1, consisting of 38 homes, is essentially complete. Phases 2 and 3, comprising approximately 13.5 acres and 39 homes are currently under construction. The Mystic Ridge Lands are held by a nominee company 1199032 Alberta Ltd. ("1199") which is not a party to these CCAA Proceedings.
56. TD agreed to finance the remaining development of Mystic Ridge. The Master Term Sheet was approved by this Honourable Court on April 25, 2013 which provides for, among other things, the financing to be provided by TD for: i) 1199 to develop the Mystic Lots; ii) GEH to purchase the Mystic Lots; and iii) GEH to construct the Mystic Ridge housing development. The parties are currently involved in a dispute with respect to: i) the financing; and ii) the agreement between GEH and 1199 for the purchase of the Mystic Lots.
57. The development of Mystic Ridge was integral to GEH's emergence from these CCAA Proceedings. The Monitor understands that all of the Phase 1 development requirements were not completed. It appears that the letter of credit established with the City of Calgary may be used by the City of Calgary to complete the development requirements. Also, a party has commenced an action against 1199 in connection with 1199's purchase of the Mystic Ridge lands. A summary judgement application is scheduled to be heard on October 26, 2016 with respect to this matter.

58. The Monitor has been working with the various stakeholders in respect of Phase 1 to determine whether a mutually agreeable resolution is possible or whether certain matters will have to be placed before this Honourable Court for adjudication.

Greenboro Luxury Homes

59. 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.
60. Both properties have been completed and the sales have closed. The construction financing was provided by TD pursuant to a financing protocol approved by this Honourable Court. The Greenboro Luxury TD loan has been paid in full.
61. There is approximately \$269,000 in deposits held relating to four Greenboro Luxury LP homes. One of the homeowners has indicated that there are workmanship deficiencies. The homeowner has obtained quotes in respect of the deficiencies which indicate the deficiencies are approximately equal to the amount of the homeowner's deposit. The Monitor is working with UBG to release the deposit to the homeowner. The Monitor has made requests for the remaining deposits to be released to the Monitor and the Monitor expect to receive the deposits shortly.
62. The Monitor has commenced its review of 22 claims filed against Greenboro Luxury LP totalling \$309 million. The timing of a distribution to creditors or the investors is dependent on the recovery of the deposits.

Greenboro Homes Limited Partnership

63. On August 29, 2013 the Monitor filed the required Monitor's Certificate and GHM has emerged from these CCAA Proceedings.
64. The Monitor has now addressed the landscaping claims and distributions were made to those creditors with valid landscaping claims. There remain 4 claims that need to be resolved. Two of those claims relate to possible deficiencies and two claims should have been made against a different UBG entity. It is likely all four remaining claims will be dealt with in a subsequent Court application.

Today's Homes

65. 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.
66. 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.

67. Today's Homes was unable to complete construction on the homes being financed and a third party contractor was engaged to complete construction. Construction of the homes is complete and sales of all houses have closed.
68. The ABC Investors held mortgages on the four pre-sold uneconomic homes. There were several seasonal and other deficiencies on those homes that needed to be addressed before the final quantum of funds available for distribution to the ABC investors was known. The timing and the costs to complete the four pre-sold uneconomic homes including the numerous deficiencies was greater than initially budgeted. As a result, the Monitor distributed \$651,513.93 to the ABC Investors against mortgage amounts owed of \$766,163 (\$636,495 principle plus \$129,668.26 accrued interest).
69. Sterling Bridge has now been paid in full with respect to the Sterling Bridge Protocol and the Second Sterling Bridge Protocol. There remains approximately \$450,000 held by Dentons in connection with the Settlement Agreement with the Developer pertaining to the return of certain lots in the Sage Hill and Nolan Hill developments. There are in excess of 120 claims filed against Today's homes totalling more than \$300 million. The Monitor expects to commence its review of the claims in the next few weeks.

UBG LAND LIMITED PARTNERSHIP

70. The purpose of UBG Land was to enter into joint venture agreements ("JVAs") with certain third parties to acquire and build land inventories, and subdivide, service and sell those lands as single and multi-family development properties. The JVAs allowed UBG to participate in a broader range of products with a lower up front capital cost.
71. The time horizon for development was long term as the majority of the land inventories remain bare land and are not yet under development.
72. UBG's legal counsel and the Monitor commenced a review of the JVAs to confirm UBG's ownership percentage, the status of each JV and whether the JVAs are in good standing. The JVAs contain numerous provisions in respect of default, prohibitions of sale, assignment or transfer which are complicated and will take time to assess. The review has revealed that there appears to be only one JVA that has any substantive value and such value will most likely depend on the future development of the lands owned in the JVA.
73. In addition to the foregoing, UBG Land owned 21 lots located near Strathmore, Alberta. Those lots were financed by ABC Capital. All lots have been sold and the net proceeds have been distributed to the ABC capital investors.

INVESTORS

74. The Company attracted investment through its Unity Investments division as described in the Second Report and more fully in the May 8th Friesen Affidavit.
75. There are approximately 227 individual investors who invested through Unity Investments, ABC Capital and ABC US Capital.

76. 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.
77. Since the commencement of the CCAA proceedings, distributions totaling approximately \$9.2 million and \$2.3 million have been made to the Series A and Series A3 investors, respectively.
78. The Monitor will continue to make distributions when sufficient funds are available and releasable.
79. In respect of the multi-family projects, amounts that were recovered by the Unity Investments investors was dependent 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 Origins, South Terwillegar and VOP have realized a recovery on their investments. The investors in Murals and Mountaineers II will realize some recovery on their investments.

TAX RETURNS

80. The Monitor has been working to assist UBG to complete tax returns and GST returns for the various UBG entities.
81. The Monitor has completed certain tax returns and associated filings which were required to be filed. Additional tax information may be filed by the Monitor if and when required.
82. The Monitor continues to work on filing GST returns for the various UBG entities.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

83. The Monitor supports the Company's request for an extension of the stay of proceedings from May 31, to July 31, 2016 for the following reasons:
 - a) The Company is acting in good faith and with due diligence in its restructuring efforts;
 - b) The Company has made significant progress in respect of its restructuring. It is implementing exit strategies in respect of the Canmore marketplace, selling projects and assets that are uneconomic, it has completed construction on both single family and multi-family projects and emerged GHL and GEH from these CCAA Proceedings;
 - c) The Company requires additional time to assist the Monitor in resolving various claims, completing tax filings and to address certain construction deficiencies; and
 - d) An extension will provide the Company with an opportunity to continue to monetize certain of its assets, under the supervision of this Court, which is expected to maximize recoveries for all stakeholders.
84. It is the Monitor's view that this will be the last extension of UBG's CCAA proceedings. The majority of the administrative matters and restructuring efforts have been concluded. Moreover, it has been difficult to address certain UBG matters with the limited employee resources available. It is anticipated that any remaining administrative matters that need to be addressed after July 31,

2016 can be undertaken in a receivership scenario. Accordingly it is anticipated that the UBG entities will be placed into receivership at the next Court application.

CONCLUSION AND RECOMMENDATION

85. 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 26th day of May 2016.

**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