

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-SECOND 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 2<sup>nd</sup> Street SW  
Calgary, AB T2P 4K7  
Phone: 403-298-4485  
Fax: 403-265-7219  
Email: simardc@bennettjones.com  
Attention: Chris Simard

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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 21 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 June 30, 2015, the stay of proceedings under the Initial Order was extended to September 30, 2015.
4. The primary purposes of the CCAA Proceedings are to protect UBG's business and operations, to allow UBG an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its credit facilities, all under a court-supervised process.
5. Capitalized terms not defined in this twenty-second report are as defined in all Reports and orders previously issued in respect of these CCAA Proceedings.

### Purpose of this Report

6. The purpose of this twenty-second report ("**Report**") is to:
  - a) Provide an update on certain of the Company's development projects; and
  - b) Respectfully recommend that this Honourable Court make orders:
    - i. Approving the Purchase Amending Agreement (defined below) in respect of High Pointe Limited Partnership (the "**Murals Project**") and authorizing and directing the Monitor and UBG to take such additional steps as may be necessary or desirable for the completion of the transaction and conveyance of Phase 3 of the Murals Project to the purchaser and vesting in the purchaser as of closing, title to Phase 3 free and clear of all liens, charges, security interests and other encumbrances, and directing the Registrar of Land Titles to register title to Phase 3 in the purchaser;
    - ii. Approving the late claims filed by Epcor and Visions Electronics against Wilderness Ridge at Stewart Creek Limited Partnership ("**Wilderness**");
    - iii. Approving the distribution of proceeds in respect of Wilderness and Wilderness Homes by Riverdale Limited Partnership ("**Riverdale**") to creditors with accepted claims; and
    - iv. Extending the stay of proceedings under the Initial Order to December 15, 2015.

### Terms of Reference

7. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its

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

## Currency

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

## BACKGROUND

### Overview

9. UBG is a real estate development group overseeing various homebuilder companies. UBG is involved in residential and commercial real estate development in Alberta and real estate investment through its investment arms, Unity Investments (2012) Inc. ("**Unity Investments**"), Alberta Builders Capital Inc. ("**ABC Capital**") and American Builders Capital (US) Inc. ("**ABC US Capital**"). UBG was previously involved in residential real estate in Colorado Springs, Colorado, and San Antonio, Texas; however, all operations in the United States have been discontinued.
10. Considerable background detail and materials were included in the Monitor's Second Report and in the May 8, 2012 affidavit of Robert Friesen (the "**May 8<sup>th</sup> 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;
- 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) Negotiating the financing and completion of, and then the return of, 40 Calgary lots owned by Today's Homes to United Communities;
- s) Successfully emerging Greenboro Homes Limited Partnership ("**GHL**") from these CCAA Proceedings effective August 29, 2013;
- t) Obtaining Court approval of a stalking horse solicitation process and subsequently a sale vesting Order in respect of Phase 3 of the Origins Project;

- u) Communicating and working with the investors in ABC US Capital and United States legal counsel in connection with the Court approved assignment of security to Valiant Trust Company ("**Valiant**");
- v) Communicating and working with the investors in the Murals at High Pointe Project, including the appointment of an investor steering committee, listing the Murals Project for sale and accepting the Fennell Offer (defined later in this Report);
- w) Obtaining Court approval of Greenboro Estate Homes Limited Partnership's ("**GEH**") Plan of Compromise and Arrangement ("**Plan**") and successfully closing the transactions contemplated by the Plan and implementing same;
- x) Working with Calbridge Homes in connection with developers, lenders, creditors and stakeholders;
- y) Undertaking a detailed review of the banking information of the Village on the Park Project ("**VOP**"), negotiating a settlement with Lear Construction Management Ltd. and making a distribution to the VOP creditors and equity holders;
- z) Working with the Monitor and its legal counsel to assess claims filed by creditors in these CCAA Proceedings including obtaining certain settlements;
- aa) Dealing with various lienholders in connection with the establishment, maintenance, verification and payment of various lien claims; and
- bb) Working with legal counsel and the Monitor in respect of certain UBG joint venture arrangements held by UBG Land Inc. ("**UBG Land**").

## **MULTI-FAMILY PROJECTS**

### **Origins at Cranston**

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

16. There is a private investor that holds a 50% equity interest in Origins having made an initial contribution of approximately \$1.75 million. The private investor is currently owed approximately \$1.75 million.
17. Lear was building Origins; however, prior to completing construction on the 24 townhomes Lear stopped working and did not return to the Origins construction site. Lear is owed significant amounts for costs incurred pre-May 9, 2012 and also for amounts owed post-May 9, 2012.
18. Lear filed an application returnable November 26, 2013 seeking various relief including orders: i) determining the amount owing to Lear; ii) declaring that the amount is immediately due and payable and must be paid forthwith; and iii) requesting additional accounting information in connection with the ICI loan draws and the sales proceeds from the sale of Phases 1 and 2.
19. 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.
20. On June 1, 2015 the Monitor engaged a cost consultant to assess a portion of Lear's claim for amounts claimed in respect of Phase 3. Lear claims it undertook significant work on Phase 3 in connection with the construction on Phase 2.
21. On July 17, 2015 the Monitor filed a report in respect of the Origins Project including addressing the claims of Lear and Unity Investments against the Origins Project. A copy of the cost consultant's report was attached to the Monitor's report. The parties (Lear, UBG, the Investors and the Monitor) have agreed to a Court hearing date of October 28, 2015 with respect to this matter.
22. There remain several outstanding deficiency and warranty claims relating to the condominiums and townhomes, and certain common areas, some of which have yet to be quantified. Outstanding deficiency and warranty claims totalling approximately \$11,000 have been reviewed and determined to be valid. It is the Monitor's view that these valid claims should be paid from the funds held in respect of this project in priority to other claims.

### **South Terwillegar**

23. The project known as South Terwillegar is a two phase 112 unit townhome complex located in Edmonton, Alberta. All construction 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. 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.
27. The Monitor and UBG's counsel hold approximately \$172,000 from unit sales in respect of the following:
  - a) \$10,000 holdback for deficiencies relating to the first phase of the project. The Monitor has agreed to provide the Condominium Corporation responsible for this phase of STV a maximum of \$126,000 to address these deficiencies. To date, approximately \$116,000 has been paid;
  - b) 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
  - c) A contingency of \$75,000 in respect of potential additional matters or costs that may be incurred to conclude administration on the South Terwillegar project.
28. 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 there are open claims which need to be resolved prior to releasing the letter of credit. The Monitor understands that these claims are expected to be resolved by November 30, 2015, at which point ANHWP will draw on the letter of credit to satisfy outstanding receivables from South Terwillegar and subsequently release the balance of funds to UBG.
29. The Monitor understands that the City of Edmonton will retain the \$15,000 letter of credit for a period of two years from the final sign off on landscaping. Accordingly, these funds will likely not be releasable until mid-2016.
30. Should additional funds eventually be available from the holdbacks noted above, a second distribution will be made to the investors.

### **Village on the Park**

31. 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.
32. Scotiabank was providing the financing on this project. The Scotiabank loan was retired in full on July 24, 2012.
33. 32 creditors have made claims against VOP totalling in excess of \$300 million. The Monitor has completed its review of the 32 claims filed against the VOP Project, pursuant to which 12 Notices of Acceptance and 20 Notices of Revision or Disallowance ("**NORs**") were issued.

34. The time period for creditors to file disputes in response to the VOP NORs has expired and only one notice of dispute, submitted by Lear, was received. A review of Lear's claim and subsequent negotiations thereon has resulted in the Monitor accepting an unsecured claim by Lear in the amount of \$135,000, and entering into a settlement agreement dated September 3, 2015 and a consent order granted on September 16, 2015 (the "**Consent Order**").
35. Pursuant to the terms of the Consent Order, 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.
36. The Monitor is holding approximately \$135,000 (50% payable to Paycon and 50% payable to UBG) pending the resolution of some remaining minor administrative matters.

### **Murals**

37. 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.
38. Unity Investments (the "**Investors**") is the only secured creditor and is owed approximately \$2.147 million (which includes interest of approximately \$313,945). There is no other financing on the project.
39. 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 Unit Holders pursuant to the Murals Distribution Court Order issued on March 27, 2015.
40. By Extraordinary Resolution, made pursuant to the Unit Holders' security, the Unit Holders appointed an investor Steering Committee to assist with the marketing and sale of Phase 3 of the Murals Project.
41. 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 Fennell Offer has been accepted by the Steering Committee, UBG and the Monitor, subject to conditions and court approval.
42. 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.
43. Unfortunately, the purchaser failed to close the purchase by the specified closing date as the purchaser's financing did not materialize. The Steering Committee worked directly with the purchaser's legal counsel, UBG and the Monitor to negotiate an extension to the closing. This has been a protracted process, resulting in a significant increase in costs.
44. On July 9, 2015 an amending agreement was executed in respect of the Fennell Offer (the "**Purchase Amending Agreement**"). The Purchase Amending Agreement resulted in the following changes to the terms of the Fennell Offer:

- a) The purchase price will be paid 50% in cash and 50% in the form of a vendor take back mortgage (“**VTB**”); and
  - b) Murals will assign the VTB post-closing to a company controlled by the investors.
45. The Steering Committee has advised the Monitor that the Purchase Amending Agreement is the most favourable offer that will be received. The Investors are the only creditors that will see any recovery upon the closing of the sale, and will experience a significant shortfall on the amounts they are owed. A copy of the Purchase Amending Agreement is attached as Appendix “**A**”.
46. All conditions in respect of the Purchase Amending Agreement have been satisfied. Accordingly, the Monitor supports the approval of the Purchase Amending Agreement as:
- a) UBG is unable to advance development of this project;
  - b) The appraised value of the 25 lots comprising Phase 3 is significantly less than the amount owed by Murals to the Investors; and
  - c) The Investors, who are the only affected creditors in respect of this project, are in favour of this course of action.
47. The Borrower’s Cost associated with addressing Phase 3 are expected to be approximately \$62,000 due to the various alternatives considered for Phase 3 and the purchaser failing to close. This amount is approximately \$9,500 greater than previous estimates. The amount will be paid to UBG’s legal counsel in connection with the closing of the sale of Phase 3. The Monitor is of the view that this amount of Borrower’s Cost is reasonable considering the time, effort and costs expended by UBG in connection with preservation, assessing various options and consultation undertaken for the general benefit of the stakeholders.

## **Wilderness**

48. 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 has released \$495,000 of the guarantee and the remaining amount is expected to be released sometime in 2016 upon final inspection of the landscaping.
49. The Monitor has completed its review of third party claims filed against the Wilderness Project, including two late claims filed by Epcor and Visions Electronics (the “**Late Claims**”). The Late Claims are valid claims against Wilderness and the Monitor is seeking approval of this Honourable Court to admit the Late Claims.
50. The Monitor issued several NORs and notices of acceptance. The time to dispute the last NORs issued by the Monitor has expired. All disputes filed with the Monitor have been resolved.
51. There was a significant intercompany claim filed by Riverdale against Wilderness in the amount of \$6,005,000. Wilderness is a wholly owned subsidiary of Riverdale.

52. The Monitor undertook a detailed review of the Riverdale claim and has determined that Riverdale has a valid unsecured claim against Wilderness in the amount of \$5,589,000.
53. The Monitor and UBG's counsel hold approximately \$1,481,000 in respect of Wilderness. The Monitor will withhold \$40,000 from the distribution, in respect of outstanding professional fees and a contingency in respect of potential additional matters or costs that may be incurred to conclude administration of the Wilderness project.
54. The Monitor supports UBG's application for a distribution of approximately \$1,441,000 to creditors with accepted claims against Wilderness. The proposed payout to Wilderness's creditors is attached as Appendix "B".

### **Riverdale**

55. Riverdale is a holding company which has no operations. Based on information available to the Monitor, its only asset is the \$5,589,000 receivable from Wilderness.
56. The Monitor has completed its review of third party claims filed against the Wilderness Project and issued several NORs on September 3, 2015. The time to dispute the NORs issued by the Monitor has expired.
57. There was a significant intercompany claim filed by UBG Alberta Builders Limited Partnership ("**UBG LP**") against Riverdale in the amount of \$17,905,000. UBG LP was the UBG entity used to fund the numerous UBG single family and multi-family projects.
58. The Monitor undertook a detailed review of the UBG LP claim against Riverdale and has determined the UBG LP has a valid unsecured claim against Riverdale in the amount of \$17,284,000.
59. Riverdale is expected to receive a distribution of approximately \$1,114,000 from its unsecured claim against Wilderness. The Monitor will withhold \$50,000 to address outstanding professional fees and a contingency in respect of potential additional matters or costs that may be incurred to conclude administration of the Riverdale project.
60. The Monitor supports UBG's application for a distribution of \$1,064,000 to creditors with accepted claims against Riverdale. The proposed payout to Riverdale's creditors is attached as Appendix "**C**".

### **Mountaineers II**

61. 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.
62. 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.

63. For more than a year, the Investors have expressed a desire to have the property conveyed to them through the establishment of a holding company. The Monitor understands that the process of establishing the holding company and a mechanism to address outstanding property taxes is still underway. 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 and the investors are working with a mortgage administrator to finalize the documentation. It is anticipated that an emergence strategy will be finalized for this project before November 30, 2015 and then an application will be made to this Honourable Court seeking approval for the property to be transferred to the holding company for the benefit of the Investors.
64. On June 30, 2015 UBG obtained an interim financing Order for the purpose of paying the property taxes accruing against the property.

### **Valmont**

65. 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.
66. The Monitor has been working with the Condo Corporation to complete the sale of the Guest Suite, however, the Condo Corporation's purchase of the Guest Suite has been delayed due to difficulties associated with financing the purchase. The Monitor understands that the Condo Corporation is in the final stages of obtaining the required financing and that it should be in a position to complete the transaction in October, 2015.
67. As detailed in the Monitor's earlier reports to Court in respect of the Valmont project (the "**Second Valmont Report**"), there are ongoing disputes with certain creditors; Square Foot Real Estate Corporation ("**Square Foot**") in respect of the portion of commissions payable upon a confirmed unit sale and West Gallant Developments Ltd. ("**West Gallant**") in respect of the subordination of its claim and the quantum of certain third party lien claims.
68. The Monitor's attempts to settle the Square Foot dispute have been unsuccessful. Square Foot has adjourned its Court application and has not rescheduled a future time for the matter to be heard.
69. West Gallant submitted a claim against Valmont in the amount of \$4,940,000. The Monitor does not dispute the quantum of West Gallant's claim but rather its priority. West Gallant filed a Notice of Dispute with the Monitor and the claim has not been resolved. West Gallant has also raised questions in respect of certain valid lien claims filed by creditors. The Monitor does not agree with West Gallant's assessment of the lien claims and is attempting to resolve this issue with West Gallant. West Gallant agreed to the payment of certain lien claims totalling approximately \$482,000. The Monitor issued payments to six lienholders.
70. 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. The parties continue to discuss the approach used by the Monitor to calculate the lien fund.

71. The resolution of the Square Foot claim and the West Gallant claim and lien issue is required prior to the Monitor making a distribution to the Valmont Project's creditors. The timing of the distribution is unknown at this time.

## **SINGLE FAMILY PROJECTS**

### **Greenboro Estate Homes Limited Partnership**

72. On October 10, 2013 the Court issued an order approving GEH's Plan and the Plan was implemented on December 31, 2013.
73. The Monitor has reviewed the claims against GEH and issued several NORs. There remain some unresolved claims that the Monitor is currently addressing.
74. There are five lots owned by GEH where ABC Capital holds mortgage security over those lots. The value of the five lots is less than the amounts owed to ABC Capital. The Investors in ABC Capital and GEH have discussed opportunities to monetize the mortgages and have agreed that the mortgages will be discharged and the five properties will be transferred to a holding company which will allow the investors to deal with the properties directly for all the investors' benefit.
75. The five properties have no value to ABC over the amount of the mortgages and as a result, the Monitor and UBG do not object to the investors undertaking this transaction.

### **Mystic Ridge**

76. 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.
77. The Toronto-Dominion Bank ("**TD**") agreed to finance the remaining development of Mystic Ridge. The Master Term Sheet was approved by this Honourable Court on April 25, 2013 which provides for, among other things, the financing to be provided by TD for: i) 1199 to develop the Mystic Lots; ii) GEH to purchase the Mystic Lots; and iii) GEH to construct the Mystic Ridge housing development.
78. The development of Mystic Ridge was integral to GEH's emergence of from these CCAA Proceedings. The Monitor understands that all of the Phase 1 development requirements were not completed. It appears that the letter of credit established with the City of Calgary may be used by the City of Calgary to complete the development requirements. Also, a party has commenced an action against 1199 in connection with 1199's purchase of the Mystic Ridge lands. A hearing date for the action has not yet been scheduled.

79. 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**

80. 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.
81. 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.
82. The Monitor understands that landscaping on the two houses is now complete and that deficiencies have been rectified. The Monitor expects to commence its review of the claims filed against Greenboro Luxury LP in early November 2015.

### **Greenboro Homes Limited Partnership**

83. On August 29, 2013 the Monitor filed the required Monitor's Certificate and GHL has emerged from these CCAA Proceedings.
84. There are approximately 31 claims remaining mainly related to landscaping deposits that need to be resolved and the Monitor is working with GHL to address those claims.

### **Today's Homes**

85. 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 8<sup>th</sup> Friesen Affidavit.
86. 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.
87. Today's Homes was unable to complete construction on the homes being financed and a third party contractor was engaged to complete construction. Construction of the homes is complete and sales of all houses have closed; however, the Monitor is informed that there are construction deficiencies which are still being addressed.
88. The Monitor is advised that Sterling Bridge is working with its legal counsel in reviewing the status of the financing protocols and the outstanding deficiencies.

89. Any distribution and the amount thereof to Today's Homes creditors will not be known until the remaining deficiencies have been rectified and all amounts owed to Sterling Bridge have been paid.

#### **UBG LAND LIMITED PARTNERSHIP**

90. 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.
91. The time horizon for development was long term as the majority of the land inventories remain bare land and are not yet under development.
92. 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.
93. In addition to the foregoing, UBG Land owned 21 lots located near Strathmore, Alberta. Those lots are financed by ABC Capital. A realtor was retained and the lots were listed for sale. Timely offers were received and accepted on four of the lots at sales prices equal to or greater than the original listing prices.
94. As a result of the current Alberta economic downturn, no offers were received on the lots for several months. The realtor recommended that the pricing of the lots be reduced to attract additional offers. The Monitor discussed the suggested price reduction with representatives of the ABC Capital investors in UBG Land and they agreed that the lot prices should be reduced as recommended and were put in place the first week of June 2015. Two additional lots have since sold at prices close to the reduced listing prices.

#### **INVESTORS**

95. The Company attracted investment through its Unity Investments division as described in the Second Report and more fully in the May 8<sup>th</sup> Friesen Affidavit.
96. There are approximately 227 individual investors invested through Unity Investments, ABC Capital and ABC US Capital.
97. 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.

On or about May 22, 2015 the Monitor issued distributions of approximately \$449,000 and \$779,000 to the Series A and Series A3 investors of ABC Capital, respectively. A further distribution of approximately \$392,000 was made by the Monitor to the Series A3 investors on or about September 18, 2015. Since the commencement of the CCAA proceedings, distributions



totaling approximately \$7.2 million and \$1.5 million have been made to the Series A and Series A3 investments, respectively.

98. The Monitor will continue to make distributions when sufficient funds are available and releasable.
99. 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 as noted above will realize some recovery on their investments.

#### **TAX RETURNS**

100. Pursuant to an order granting the Monitor certain enhanced powers issued on December 2, 2013 (the "**Enhanced Powers Order**"), the Monitor has been working to assist UBG to complete tax returns and GST returns for the various UBG entities.
101. 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.
102. The Monitor continues to work on filing GST returns for the various UBG entities.

#### **COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS**

103. The Monitor supports the Company's request for an extension of the stay of proceedings from September 30, 2015, to December 15, 2015 for the following reasons:
  - a) The Company is acting in good faith and with due diligence in its restructuring efforts;
  - b) The Company has made significant progress in respect of its restructuring. It is implementing exit strategies in respect of the Canmore marketplace, selling projects and assets that are uneconomic, completing construction on both single family and multi-family projects and emerging 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.


#### **CONCLUSION AND RECOMMENDATION**

104. 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 21<sup>st</sup> day of September 2015.

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

Per:   
Robert J. Taylor, FCA, CIRP

Per:   
Alex Corbett, CA, CIRP

**PURCHASE AMENDING AGREEMENT**

**THIS AMENDING AGREEMENT** dated effective the 9<sup>th</sup> day of July, 2015 (the "**Agreement**").

**BETWEEN:**

**THE VILLAS ON MONTEITH INC.** (the "**Buyer**")

- and -

**HIGH POINTE INC.** (the "**Seller**");

**WHEREAS:**

- A. Pursuant to a purchase agreement dated January 9, 2015, made between Fennell Consulting Ltd. ("**Fennell**"), and the Seller, as acknowledged and approved by Ernst & Young Inc., in its capacity as Monitor of High Pointe Inc. and High Pointe Limited Partnership, and the Investor Committee, for and on behalf of all of the holders of units in the debenture mortgage (the "**Purchase Agreement**"), the Seller agreed to sell and transfer to the Buyer all its legal and beneficial interest in the Assets, all as provided in the Purchase Agreement;
- B. On or about April 28, 2015, Fennell waived all conditions of the Buyer under the Purchase Agreement, including without limitation those conditions set forth in Section 3.5 of the Purchase Agreement (the "**Waiver**");
- C. Pursuant to a letter dated June 15, 2015, from the Seller's Solicitors to the Buyer's Solicitors, Fennell assigned to the Buyer all of Fennell's right, title and interest in and to the Purchase Agreement;
- D. On or about June 30, 2015, the Seller obtained from the Court the Approval and Vesting Order approving, among other things, the sale and conveyance of the Property to the Buyer for the Purchase Price;
- E. As a result of the Waiver and the obtainment by the Buyer of the Approval and Vesting Order, all conditions to closing as set forth in the Purchase Agreement, including those set forth in Article 3 of the Purchase Agreement, were satisfied or waived;
- F. Initially by agreement between the Buyer and Seller, or as directed by each of their solicitors, the parties hereto agreed to a closing date of July 9, 2015 (the "**Initial Closing Date**"), for the purchase and sale of the Assets;
- G. On July 6, 2015, the Seller's Solicitors, on behalf of the Seller, delivered to the Buyer's Solicitors all documents required under the Purchase Agreement to be delivered for the conveyance of the Assets to the Buyer;
- H. On July 8, 2015, the Buyer's Solicitors, on behalf of the Buyer, confirmed that the Buyer had lost its financing and requested an extension to the Initial Closing Date of two months;
- I. On the Initial Closing Date, the Seller was ready, willing and able to close, however the Buyer failed to deliver to the Seller the Purchase Price and the other deliveries required under the Purchase Agreement; and



- J. Notwithstanding the failure of the Buyer to close on the Initial Closing Date as required under the Purchase Agreement, the Buyer and the Seller have agreed to amend the Purchase Agreement all as set out in this Agreement;

**NOW THEREFORE THIS AGREEMENT WITNESSES** for good and valuable consideration paid by each of the parties hereto to the other (the receipt and sufficiency of which is hereby expressly acknowledged), the parties hereto agree as follows:

1. Words capitalized in this Agreement (including the recitals hereof) and not otherwise defined herein shall have the meanings ascribed to such words in the Purchase Agreement.
2. The recitals set out above form an integral part of this Agreement and shall for all purposes form part of this Agreement and shall be used in the interpretation of this Agreement.
3. The Buyer and the Seller hereby covenant and agree that:
  - (a) the Purchase Agreement is in full force and effect and each of the parties hereto continue to be bound by the terms and conditions set forth in the Purchase Agreement, as amended by this Agreement, and the Buyer is and remains unconditionally obligated to purchase the Assets;
  - (b) the Initial Deposit and the Second Deposit (collectively, the **Deposit**) shall, upon approval as per Clause 3(c) of this Amending Agreement and upon the execution of this Agreement by the Buyer and the Seller, be immediately and unconditionally transferred from the Buyer's solicitors to the Seller's solicitors and shall be immediately releasable to the Seller or such party as required by the Monitor or the Court;
  - (c) this Agreement is subject to approval by the Monitor, the Court and the Investor Committee.
4. The Buyer and Seller agree the Purchase Agreement is amended as follows:
  - (a) The definition of "**Approval and Vesting Order**" set forth in Section 1.1 of the Purchase Agreement be deleted in its entirety and replaced with the following:

"**Approval and Vesting Order**" means an Order of the Court: i) approving the within transaction, as amended and extended; and ii) conveying title to the Assets to the Buyer free of claims of the Seller and any parties claiming through the Seller (other than in respect of the Permitted Encumbrances), which Order shall be in form and substance satisfactory to the Seller and the Buyer, acting reasonably, and of full force and effect, free of any stay or other impediment to execution."
  - (b) The definition of "Closing Date" set forth in Section 1.1 of the Purchase Agreement be deleted in its entirety and replaced with the following:

"**Closing Date**" means October 14, 2015, or such other extended date as the parties hereto may agree upon in writing."
  - (c) Section 1.1 of the Purchase Agreement be amended by the addition of the following definitions:

"**Assignment of Rents and Leases**" means the general assignment of rents and leases to be executed by the Buyer and registered immediately following the VTB Mortgage



(with no intervening registrations) on title to the Encumbered Units by the Buyer or the Buyer's Solicitors by way of caveat on or before the Closing Date.

'Encumbered Units' means units 34 to 48, inclusive, of the Property;

'Security' means collectively the Assignment of Rents and Leases and the VTB Mortgage, and such other reasonable documentation that the Seller, or the Seller's Solicitors may request.

'VTB Mortgage' means the vendor's take back mortgage incorporating the applicable terms set forth herein and other standard terms as provided by the Seller's Solicitors and approved by the Buyer's Solicitors, acting reasonably, to be executed by the Buyer and registered in first financial position on title to the Encumbered Units by the Buyer or the Buyer's Solicitors on or before the Closing Date."

- (d) Subject to clause 3 of this Amending Agreement, Section 2.2 of the Purchase Agreement be deleted in its entirety and replaced with the following:

**"2.2 Payment**

The Purchase Price, subject to adjustment as set forth herein, shall be paid and satisfied by the Buyer as follows:

Initial Deposit	\$25,000.00
Second Deposit	\$75,000.00
VTB Mortgage	\$450,000.00
Balance on Closing	\$350,000.00
<b>Total</b>	<b>\$900,000.00</b>

Other than the amount to be paid pursuant to the VTB Mortgage, all amounts payable in respect of the Purchase Price shall be paid to the Seller's solicitors by solicitor's trust cheque, certified cheque or wire transfer, in immediately releasable funds on or before the Closing Date."

- (e) Section 2.3 of the Purchase Agreement be deleted in its entirety and replaced with the following:

**"2.3 Adjustments**

The adjustments to the Purchase Price, if any, shall be made between the parties as of July 9, 2015 (the "Adjustment Date"), in accordance with the usual practice for prepayments of expenses and revenues by the appropriate cash payments or allowances. The Seller shall be responsible for all expenses accrued from the Assets for the period up to and including the day before the Adjustment Date. From and including the Adjustment Date, the Buyer shall be responsible for all expenses accruing from the Assets."

- (f) Article 2 of the Purchase Agreement be amended by the addition of the following sections:

**"2.5 Deposit**

- (a) The Initial Deposit and Second Deposit (collectively, the 'Deposit') are immediately releasable to the Seller and non-refundable to the Buyer,

notwithstanding the closing, or failure thereof, of the transaction of purchase and sale contemplated in this Agreement.

- (b) Provided that the transaction of purchase and sale contemplated in this Agreement closes on the Closing Date (or such late closing as agreed to by the Seller), including the tender of the Purchase Price to the Seller on the Closing Date, the Deposit shall be credited against the Purchase Price due on the Closing Date. For clarity, in the event that the transaction of purchase and sale contemplated in this Agreement does not close for any reason whatsoever (other than a failure to obtain the consent to this Agreement of the Court, the Investor Committee or the Monitor), the release of the Deposit to the Seller pursuant to Section 2.5(a) hereof shall be without prejudice to any additional rights or remedies available to the Seller against the Buyer under the Purchase Agreement, at law, in equity or otherwise.
- (c) Any interest which may have accrued on the Deposit shall be credited and paid to the Seller and not applied to the Purchase Price or paid to the Buyer.

## **2.6 Registration and Other Costs**

The Buyer shall be responsible for the cost of registering the Approval and Vesting Order, the Security and payment of any GST arising out of the transaction contemplated herein and any costs related to the partial discharge, or partial discharges, of the Security.

## **2.7 Interest**

- (a) The Buyer shall be obligated to pay interest at the rate of 8% per annum on the entire Purchase Price from and including July 9, 2015, to and including the Closing Date (the "**Interest**"). The Interest shall be payable by the Buyer to the Seller on the Closing Date in the amount set forth in the Statement of Adjustments.
- (b) In the event that the Buyer does not pay all of the Purchase Price to Seller on or before the Closing Date, and the Seller agrees in its sole discretion to accept late payment of the Purchase Price, the Buyer shall pay interest at the rate of 8% per annum on the entire unpaid Purchase Price until the entire balance of the Purchase Price with interest is unconditionally paid and released to the Seller.

## **2.8 VTB Mortgage**

In addition to such standard and reasonable terms set forth in the VTB Mortgage as provided by the Seller's Solicitors and approved by the Buyer's Solicitors, acting reasonably, the following terms and conditions shall apply to the VTB Mortgage:

- (a) the term of the VTB Mortgage shall be for 12 months from and including the Closing Date. The full principal amount under the VTB Mortgage, together with accrued interest thereon and any other charges payable thereunder, may be paid in full by the Buyer at any time during the term of the VTB Mortgage without bonus or penalty;
- (b) the Security shall be assignable by the Seller;

(c) the amount payable by way of the VTB Mortgage shall bear interest at the rate of 8% per annum, with principal and interest payable as follows: (i) the principal amount of \$225,000.00 shall be payable on or before March 9, 2016, together with all accrued interest thereon; and (ii) the outstanding principal shall be payable on or before September 9, 2016, together with all accrued interest thereon and any other amounts which may be payable under the VTB Mortgage; and

(d) the Seller shall provide a partial discharge, or partial discharges, of the Security from the applicable Encumbered Unit(s) within a reasonable time following the sale of each of the Encumbered Units and the payment of \$40,000.00 to the Seller, plus accrued interest thereon (or the remaining principal and interest if applicable on the last Encumbered Unit), for each Encumbered Unit sold, or the VTB Mortgage is fully paid out inclusive of both interest and principal.

(g) Section 4.1 of the Purchase Agreement be deleted in its entirety and replaced with the following:

**"4.1 Conveyance**

The Seller shall cause a true original copy of the Approval and Vesting Order to be delivered to the Buyer's Solicitors conveying legal and beneficial title to the Property to the Buyer on the Closing Date, free and clear of all restrictions, charges, liens, encroachments and encumbrances save for the Permitted Encumbrances."

(h) Section 6.1 of the Purchase Agreement be deleted in its entirety and replaced with the following:

**"6.1 Closing Deliveries of Seller**

On or before the 10<sup>th</sup> Business Day before the Closing Date, the Seller shall deliver to Buyer's Solicitors, on trust conditions customary for a transaction of this type in Calgary, Alberta:

- (a) a true original copy of the Approval and Vesting Order, as contemplated in section 4.1 hereof;
- (b) all title documents, real property reports and surveys relating to the Property in the Seller's possession or control;
- (c) a statement of adjustments (the "Statement of Adjustments"); and
- (d) the Security in registrable form.

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

(i) Section 6.2 of the Purchase Agreement be deleted in its entirety and replaced with the following:

**"6.2 Closing Deliveries of Buyer**

On or before the Closing Date, the Buyer shall execute and deliver to the Seller or shall direct its solicitors to deliver to the Seller, the following:



- (a) the balance of the Purchase Price and Interest due on the Closing Date in accordance with the Statement of Adjustments and any other amounts payable hereunder;
  - (b) a declaration in form and substance satisfactory to the Seller and the Seller's Solicitors, acting reasonably, of an officer of the Buyer setting out that the Buyer or Transferee, as applicable: (i) holds registered title to the Assets as nominee; (ii) is a GST/HST registrant under the *Excise Tax Act* and its registration number; and (iii) will be remitting GST/HST exigible on the sale of the Assets, together with an indemnity in form and substance satisfactory to the Seller and the Seller's Solicitors whereby the Buyer indemnifies the Seller from the failure of the Seller to pay GST/HST exigible on the sale of the of the Assets; and
  - (c) two fully executed original copies of the Security."
5. This Agreement shall survive the delivery and registration, where necessary, of the closing documents contemplated to be executed and delivered by the Buyer and Seller under the Purchase Agreement and this Agreement on the Closing Date and shall remain in full force and effect thereafter in accordance with its terms.
  6. Except as amended by this Agreement, the Purchase Agreement shall continue in full force and effect, the intention being that this Agreement shall be read in conjunction with and as an amendment to the Purchase Agreement.
  7. If any provision of this Agreement is determined to be invalid or unenforceable, it shall be severable from the remainder of this Agreement and the remainder of this Agreement shall continue to remain in full force and effect.
  8. The parties agree to execute and deliver all such further documents, deeds and other items as may be required to give full effect to the provisions of this Agreement.
  9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors, assigns and permitted assigns, as the case may be.
  10. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall be deemed to constitute one and the same instrument. The parties agree that this Agreement may be executed and delivered by facsimile copy or by electronic means (including by PDF format), provided that any party executing this Agreement by facsimile copy or electronic means shall deliver an originally executed copy of this Agreement forthwith thereafter to the other party.

**[Signature page follows]**

A handwritten signature in black ink, consisting of a large, stylized initial 'P' followed by a series of loops and a final flourish.



**IN WITNESS WHEREOF** the parties hereto have executed this Agreement attested to by the signatures of their duly authorized officers in that behalf as of the day and year set out above.


**SELLER:**

**HIGH POINTE INC.**

By: \_\_\_\_\_  
Name:  
Title:

**BUYER:**

**THE VILLAS ON MONTEITH INC.**

By:   
Name:  
Title:

**THIS AGREEMENT** is acknowledged and approved by:

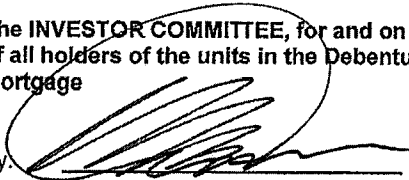
**MONITOR:**

**ERNST & YOUNG INC., in its capacity as  
Monitor of High Pointe Inc. and High Pointe  
Limited Partnership**

By: \_\_\_\_\_  
Name:

**INVESTOR COMMITTEE:**

**The INVESTOR COMMITTEE, for and on behalf  
of all holders of the units in the Debenture  
Mortgage**

By:   
Name:  
**A. B. CAMERON  
CHAIRMAN**

UNITY BUILDERS GROUP - CCAA PROCEEDINGS  
WILDERNESS HOMES BY STEWART CREEK LP  
Preliminary Estimated Recovery Analysis  
As at September 18, 2015  
All amounts in CAD\$

		Notes
Cash in bank	1,481,259	1
Contingency	<u>(40,000)</u>	2
Funds available for distribution	1,441,259	
Valid lien and secured claims	<u>133,076</u>	
Funds available for unsecured creditors	1,308,182	
Accepted third party unsecured claims	974,848	
Accepted intercompany claims	<u>5,589,000</u>	3
Total unsecured creditor claims	6,563,848	
% distribution to unsecured creditors	19.9%	

Notes

Note 1 - Cash on hand is comprised of funds held by the Monitor and UBG's counsel.

Note 2 - Contingency for administrative costs and professional fees to completion.

Notes 3 - Wilderness Homes by Riverdale LP filed an unsecured claim in the amount of \$6,005,000 against Riverdale of which \$5,589,000 has been accepted pursuant to an investigation of intercompany claims undertaken by the Monitor.

UNITY BUILDERS GROUP - CCAA PROCEEDINGS  
WILDERNESS HOMES BY STEWART CREEK LP  
Preliminary Estimated Recovery Analysis  
As at September 9, 2015  
All amounts in CAD\$

Creditor name	Claim amount		Accepted claims	
	<i>Wilderness Inc.</i>	<i>Wilderness LP</i>	<i>Secured</i>	<i>Unsecured</i>
	<i>Notes</i>		<i>1</i>	<i>1</i>
1082948 AB. Ltd. (Enlightened Organizing)	2,375.10	-	-	2,375.10
1157725 Alberta Inc.(Precision Coatings)	-	34,569.63	-	-
540795 Alberta Ltd. (Clean Sweep Waste Removal)	-	3,822.00	-	3,822.00
Bighorn Sheet Metal Ltd	-	609.00	-	609.00
Bow Valley Kitchens Ltd	-	4,087.16	-	3,791.85
Canada Revenue Agency -GST	-	1.00	-	-
Canmore Glass & Screen 1988 Ltd.	-	31,879.38	-	30,950.85
Carignan Mechanical Ltd	-	117,979.71	-	115,135.18
Chow, Jason	82,736.00	-	-	-
Christiansen, Paul	181,558.00	-	-	-
Complete Exterior Maintenance	9,056.25	-	-	9,056.25
Concept Electric Ltd.	-	-	-	-
Condominium Corporation No 0513341	1,256,564.59	1,256,564.59	-	-
Condominium Corporation No 0910404	79,919.02	-	-	-
Condominium Corporation No 0910404	524,425.00	-	-	-
Cook, Robert A	-	-	2,000.00	-
Croston, Colin	19,999.98	-	-	-
Dickson, David & 703543 Alberta Ltd.	77,513.60	77,513.60	-	-
Direct Energy Regulated Services	-	119.32	-	119.32
Diversified Staffing Services Ltd.	-	3,235.68	-	3,235.08
Elevation Stairs & Woodwork	-	-	-	2,076.33
H & H Norwest Ltd. - in Receivership	-	-	-	-
Hags with Rags	4,818.03	-	-	4,818.03
High Pressure Power Washing	-	-	-	-
Highfield Stock Farm	10,548,411.00	10,548,411.00	-	-
Innes, Jean Louise	60,000.00	-	-	-
Installation Services Org Ltd. (Canwest Flooring & ISO)	142,319.83	-	131,076.42	-
Jade Stone Ltd.	-	2,833.60	-	2,833.60
Kelmar Ltd	-	16,458.76	-	15,639.76
Knudtsen, Jason & Elizabeth	-	-	-	-
Lear Construction Management Ltd.	23,742,526.07	23,742,526.07	-	-
Marshall Tittlemore Architects	-	107,955.00	-	-
Marshall Tittlemore Architects	-	2,656.50	-	2,656.50
McElhanney Consulting Services Ltd.	-	938.38	-	938.38
McLeod Law LLP	331.12	-	-	331.12
Morgan, William & Ingrid	4,000.00	-	-	-
Rocky Mountain Concierge Inc.	8,318.09	-	-	7,404.59
Scope Projects Inc	77,508.81	77,508.81	-	61,564.56
Starlight Lighting Centre	11,166.87	11,166.87	-	11,166.87
The Alberta New Home Warranty Program	-	1,329,946.27	-	12,102.29
The Bank of Nova Scotia	4,589,414.40	4,589,414.40	-	-
The Toronto-Dominion Bank	416,000.00	-	-	416,000.00
The Town of Canmore	659,517.34	659,517.34	-	-
Timbertown Building Centre Ltd	1,094.79	-	-	1,094.79
Tri - Star Woodworks Inc.	-	203,583.15	-	203,583.15
Valley Drywall Ltd	-	3,885.00	-	3,885.00
Valley Home Building Centre	-	382.70	-	382.70
Wong, Benjamin	1,552.00	-	-	1,552.00
<b>Total</b>	<b>42,501,125.89</b>	<b>42,827,564.92</b>	<b>133,076.42</b>	<b>917,124.30</b>
<b>LATE CLAIMS</b>				
Epcor	-	1,419.41	-	1,419.41
Visions Electronics	-	56,304.78	-	56,304.78
<b>Total</b>	<b>-</b>	<b>57,724.19</b>	<b>-</b>	<b>57,724.19</b>
<b>Grand Total</b>	<b>42,501,125.89</b>	<b>42,885,289.11</b>	<b>133,076.42</b>	<b>974,848.49</b>

Notes

Note 1 - All accepted claims relate to Wilderness Homes by Stewart Creek LP. There are no valid claims against Wilderness Homes by Stewart Creek Inc.

UNITY BUILDERS GROUP - CCAA PROCEEDINGS

WILDERNESS HOMES BY RIVERDALE LP

Preliminary Estimated Recovery Analysis

As at September 18, 2015

All amounts in CAD\$

		<i>Notes</i>
Cash in bank	-	
Distribution from Wilderness	1,113,894	1
Contingency	(50,000)	2
Funds available for distribution	<u>1,063,894</u>	
Valid lien and secured claims	-	
Funds available for unsecured creditors	<u>1,063,894</u>	
Accepted third party unsecured claims	241,560	
Accepted intercompany claims	<u>17,284,000</u>	3
Total unsecured creditor claims	17,525,560	
% distribution to unsecured creditors	6.1%	

*Notes*

*Note 1 - Reflects distribution received by Riverdale on its unsecured claim of \$5,589,000 against Wilderness assuming Court approval of distribution in respect of Wilderness as set out in Appendix 'A'.*

*Note 2 - Contingency for administrative costs and professional fees to completion.*

*Notes 3 - UBG Alberta Builders LP filed an unsecured claim in the amount of \$17,905,000 against Riverdale of which \$17,284,000 has been accepted pursuant to an investigation of intercompany claims undertaken by the Monitor.*

UNITY BUILDERS GROUP - CCAA PROCEEDINGS  
WILDERNESS HOMES BY RIVERDALE LP  
Preliminary Estimated Recovery Analysis  
As at September 9, 2015  
All amounts in CAD\$

Creditor name	Claim amount		Accepted claims	
	<i>Riverdale Inc.</i>	<i>Riverdale LP</i>	<b>Secured</b>	<b>Unsecured</b>
	<i>Notes</i>		<b>1</b>	<b>1</b>
Chow, Jason	82,736.00	-	-	-
Concept Electric Ltd.	60,000.00	60,000.00	-	-
Condominium Corporation No 0513341	1,256,564.59	1,256,564.59	-	-
Cook, Robert A	-	50,000.00	-	-
Croston, Colin	19,999.98	-	-	-
Dickson, David & 703543 Alberta Ltd.	77,513.60	77,513.60	-	-
Direct Energy Regulated Services	119.32	119.32	-	-
Elevation Stairs & Woodwork	-	2,076.33	-	-
H & H Norwest Ltd. - in Receivership	76,206.39	76,206.39	-	15,568.88
High Pressure Power Washing	630.00	-	-	630.00
Highfield Stock Farm	10,548,411.00	-	-	-
Knudtsen, Jason & Elizabeth	150,000.00	-	-	-
Lear Construction Management Ltd.	23,742,526.07	23,742,526.07	-	-
Marshall Tittlemore Architects	-	107,955.00	-	-
McLeod Law LLP	327.32	20,360.89	-	20,360.89
Parlee McLaws LLP	39,451.81	39,451.81	-	-
The Alberta New Home Warranty Program	284,024,532.52	284,024,532.52	-	-
The Toronto-Dominion Bank	621,000.00	-	-	205,000.00
<b>Total</b>	<b>320,700,018.60</b>	<b>309,457,306.52</b>	<b>-</b>	<b>241,559.77</b>
<b>LATE CLAIMS</b>				
698828 Alberta Ltd.	3,967,597.00	3,967,597.00	-	-
Visions Electronics	-	56,304.78	-	-
<b>Total</b>	<b>3,967,597.00</b>	<b>4,023,901.78</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>324,667,615.60</b>	<b>313,481,208.30</b>	<b>-</b>	<b>241,559.77</b>

*Notes*

*Note 1 - All accepted claims relate to Wilderness Homes by Riverdale LP. There are no valid claims against Wilderness Homes by Riverdale Inc.*