

COURT FILE NUMBER

1201-05843

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

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

DOCUMENT

THIRTEENTH 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.....	2
Currency.....	2
BACKGROUND.....	2
Overview.....	2
MULTI-FAMILY PROJECTS.....	3
Edgewater at Griesbach.....	3
Valmont.....	3
South Terwilligar.....	4
Village at the Hamptons.....	4
SINGLE FAMILY PROJECTS.....	4
Greenboro Estate Homes Limited Partnership ("GEH").....	4
Greenboro Homes Limited Partnership ("GHL").....	5
Today's Homes.....	6
THE GEH PLAN.....	6
Overview.....	6
Affected Creditors.....	7
The Fund.....	7
Distribution.....	8
Meeting of Creditors.....	9
Notice of Creditors' Meeting.....	9
Voting.....	10
Assignment of Claims.....	10
CONDITIONS FOR APPROVAL OF THE PLAN.....	11
Fairness of the Plan.....	11
Claims.....	12
COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS.....	12
CONCLUSION AND RECOMMENDATION.....	13

INDEX OF APPENDICES

GEH Recovery Analysis.....“A”

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 twelve reports plus six project-specific reports in these CCAA Proceedings in connection with various Court applications made by UBG including obtaining approval for various Protocols for interim financing with several of the Company's lenders.
3. Pursuant to a Court Order made on June 17, 2013, the stay of proceedings under the Initial Order was extended to September 20, 2013.
4. The primary purposes of the CCAA Proceedings are to protect UBG's business and operations, to allow UBG an opportunity to realize value from its construction and development projects and to facilitate a restructuring of its credit facilities, all under a court-supervised process.
5. Capitalized terms not defined in this thirteenth 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 thirteenth report ("Report") is to:
 - a) Provide an update on certain of the Company's development projects;
 - b) Outline Greenboro Estate Homes Limited Partnership's ("GEH") Plan of Compromise and Arrangement (the "Plan"), which is attached to UBG's September 20, 2013 application, for the benefit of GEH's creditors and stakeholders;
 - c) Provide this Honourable Court with the Monitor's recommendation in respect of the Plan; and
 - d) Respectfully recommend that this Honourable Court make orders:
 - i. Approving additional financing in connection with the TD Protocol in respect of GEH;
 - ii. Authorizing and directing the filing of the Plan as described herein;
 - iii. Authorizing and establishing the procedure for GEH to call, hold and conduct the meeting of its creditors to consider and vote on the Plan (the "Meeting Order");
 - iv. Approving the form of materials to be distributed to creditors affected by the Plan;
 - v. Setting conditions for approval of the Plan in order for the Plan to be sanctioned by the Court;
 - vi. Setting the date for GEH's application for an order sanctioning the Plan should the Plan be approved by Affected Creditors (the "Sanction Order"); and

- vii. Extending the stay of proceedings under the Initial Order to October 31, 2013.

Terms of Reference

7. In developing this Report, the Monitor has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Monitor has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in preparing this Report.

Currency

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

BACKGROUND

Overview

9. UBG is a real estate development group overseeing various homebuilder companies. UBG is involved in residential and commercial real estate development in Alberta and real estate investment through its investment arms, Unity Investments (2012) Inc. ("Unity Investments"), Alberta Builders Capital Inc. ("ABC Capital") and American Builders Capital (US) Inc. ("ABC US Capital"). UBG was previously involved in residential real estate in Colorado Springs, Colorado, and San Antonio, Texas; however, all operations in the United States have been discontinued.
10. GEH as part of the UBG group develops and builds single family homes in and around Calgary, Alberta.
11. 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.

MULTI-FAMILY PROJECTS

Edgewater at Griesbach

12. The Edgewater at Griesbach Project is a 6.5 acre site located in Edmonton, Alberta. UBG was unable to obtain financing and develop the project.
13. On August 1, 2013, this Honourable Court approved the sale of the Edgewater at Griesbach Project to Paycon Holdings Ltd. ("Paycon"). The parties continue to address closing adjustments and it is expected that the sale will close imminently.
14. Paycon agreed to address all creditors in respect of this project.

Valmont

15. The project known as Valmont is a four phase condominium project located in south west Calgary comprising a total of 247 units in four buildings. Building "B" is complete; Building "C" and "D" are currently under construction. Construction on Building "A" has not commenced. Construction on Building "D"'s parking garage has commenced as the parking garage must be completed in order to obtain an occupancy permit for Building "C". Costs to complete Building "C" are estimated at \$4.9 million. The costs to complete Building "D"'s parking garage are estimated to be \$1.2 million.
16. On July 10, 2013, this Honourable Court approved the Sales Process that was to be undertaken to market the Valmont Project for sale. Pursuant to the Sales Order the Monitor commenced the Sales Process on July 18, 2013. The Sales Process closed on Friday August 9, 2013. The Monitor received four bids.
17. The Monitor accepted the highest offer for Valmont and UBG applied to this Honourable Court for an Order approving the sale to 771280 Alberta Ltd. ("771280") (the "Approval Order"). On August 20, 2013 the Court approved the sale to 771280; however, one of the other bidders (the "Second Highest Bidder") requested and was granted a temporary stay of proceedings in respect of the Court Order pending the Second Highest Bidder seeking leave to appeal the Court approval of the sale to 771280. Thereafter, the Second Highest Bidder applied to the Alberta Court of Appeal to extend the stay pending the Second Highest Bidder's appeal of the Approval Order (the "Leave Application").
18. On September 4, 2013 the Alberta Court of Appeal heard the Leave Application and denied the Second Highest Bidder's leave to appeal the Approval Order, as well as denying its application to extend the stay of proceedings. The sale of Valmont to 771280 closed on September 6, 2013. Some post-closing adjustments remain outstanding.
19. The Monitor holds significant funds to pay Trades for post May 9, 2012 materials and services provided up to August 23, 2013 (the agreed upon Trade payable cut-off date with 771280), and to address the numerous pre-CCAA creditor claims against Valmont. The Monitor has commenced reviewing the pre-CCAA creditor claims and expects to complete that review, address any disputed claims and make distributions to the creditors within the next 60 to 75 days. Creditors of Valmont are expected to recover 100% of their proven claims.

South Terwillegar

20. The project known as South Terwillegar is a two phase 112 unit town home complex located in Edmonton, Alberta. Phase 1 is complete; all units are sold and closed. Phase 2 is under construction and comprises 42 units, of which all are pre-sold.
21. The Bank of Nova Scotia ("Scotiabank") agreed to continue funding Phase 2 under the Scotiabank Protocols which were approved by this Honourable Court on July 10, 2012. As a result of the cost overruns detailed in the Monitor's Ninth Report, construction on the remaining 22 units was suspended pending a review of such overruns by the Monitor and an analysis of the profitability of the project. Construction has progressed to a stage where approximately 20 of the 42 units were complete.
22. 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.
23. Construction is ongoing, units are being completed and sales are closing. Footprint anticipates that construction will be completed within the next 60 days.

Village at the Hamptons

24. The project known as Village at the Hamptons is a seven phase, 458 unit complex located in northwest Edmonton, Alberta comprising 86 town homes and 372 condominiums.
25. UBG and the Bank of Montreal consented to the Monitor arranging for Cushman Wakefield ("CW"), a large experienced and reputable real estate firm with local, national and international experience, to list the property for sale. The listing agreement with CW excluded one party, Anderson Builders Group Inc. ("Anderson") as Anderson had been identified as a potential purchaser months before the property was listed for sale by CW.
26. UBG negotiated and accepted an offer from Anderson to purchase the property. On July 10, 2013 this Honourable Court approved the sale of Village at the Hamptons to Anderson. The sale to Anderson is expected to close on September 17, 2013.
27. The funds to be realized from the sale to Anderson will be insufficient to pay any Trades or to refund deposits received on unit pre-sales. The Monitor will communicate with the purchasers, advise them there will be no recovery and provide them with a proof of claim form if they have not previously submitted a claim with the Monitor.

SINGLE FAMILY PROJECTS

Greenboro Estate Homes Limited Partnership ("GEH")

28. All GEH projects in respect of single family homes are financed by and subject to security in favour of TD which is subject to various protocols previously approved by this Honourable Court.

29. The future development lots on which the homes are to be built are either held by the developers and will have to be paid for, or have been purchased by UBG through financing obtained from ABC Capital.
30. Protocols were developed with TD to provide funding for ongoing operations, with the terms of such protocols being approved by this Honourable Court.
31. As the Monitor has previously reported, GEH entered into an Interim Management Services Agreement ("the Calbridge Management Agreement") with Calbridge (2010) Ltd. ("Calbridge"). Pursuant to the Calbridge Management Agreement, Calbridge is, *inter alia*, constructing houses under current sales contracts GEH has in place.
32. In order to assist GEH with its ongoing operations, in addition to the Plan which is discussed in paragraphs 42 to 87 below, Calbridge and GEH have determined that it is necessary to accelerate construction on homes for the benefit of GEH's stakeholders. To do so, additional financing is required (the "Interim TD Financing"). TD has agreed to provide additional financing to meet the accelerated house delivery schedule in the amount of \$2,250,000. The additional TD financing ensures funds will be available to pay Trades for the accelerated work schedule.
33. The Monitor is in support of the Interim TD Financing and respectfully recommends that this Honourable Court make an order approving such financing as:
 - a) Trades will be confident that they will be paid for materials and services on a timely basis;
 - b) Accelerating construction on homes will reduce financing costs as sales will close on a more timely basis;
 - c) TD is supportive of more timely construction and closing of home sales; and
 - d) The Interim TD Financing is necessary to support the GEH Plan.

Greenboro Homes Limited Partnership ("GHL")

34. UBG entered into negotiations with Sterling Bridge Mortgage Corporation ("Sterling Bridge") to refinance GHL's ongoing operations and to provide a mechanism for GHL to emerge from these CCAA Proceedings.
35. The arrangement with Sterling Bridge was outlined in the Monitor's Eleventh Report. On July 10, 2013 this Honourable Court approved the term sheet between Sterling Bridge and GHL (the "Emergence Order").
36. On August 29, 2013 Sterling Bridge advanced the requisite quantum of funds pursuant to the Sterling Bridge Emergence Facility and the Emergence Order and accordingly the Monitor has filed the required Monitor's Certificate and GHL has now emerged from these CCAA proceedings.
37. The Monitor holds required funds to pay the GHL creditors 100 cents on the dollar in respect of their proven claims. The Monitor has reviewed all the GHL claims and has issued several disallowances in respect of those claims. The Monitor has received several Dispute Notices from creditors and will be addressing those disputes over the next 60 days.

Today's Homes

38. Certain of Today's Homes' single family homes ("Today's Projects") are now financed by Sterling Bridge. UBG entered into a lending agreement with Sterling Bridge to provide financing on the Today's Projects up to \$6.0 million. The Sterling Bridge Protocol between Today's Projects and Sterling Bridge which was approved by this Honourable Court on September 14, 2012 governs the financing relationship. Details of each of the Today's Projects are contained in the Second Report and the May 8th Friesen Affidavit. Construction of the homes is currently in progress.
39. A Second Sterling Bridge Protocol was approved by order of this Honourable Court on March 27, 2013 in respect of four pre-sold uneconomic homes. Construction on those four homes is in progress.
40. Sterling Bridge is in the process of retaining a consultant to oversee the remaining construction on the Today's Homes' houses as most of UBG's employees have either left UBG, are employed by Calbridge or are employed with GHL in Edmonton. There remains a core group of four employees/consultants to address the remaining issues in outstanding UBG projects.
41. Today's Homes is considering a CCAA emergence strategy; however, the timing of advancing any plan is currently unknown.

THE GEH PLAN

Overview

42. GEH has developed a Plan which it believes is in the best interests of its stakeholders including TD, home owners, lot developers, creditors and employees. Capitalized terms in this section not defined in this Report are as defined in the GEH Plan.
43. GEH advises the Plan will:
 - a) stabilize its relationship with TD which includes new financing;
 - b) allow GEH to complete construction on pre-sold homes on a much more timely basis;
 - c) accelerate sales of new homes on those lots that have not yet been sold;
 - d) provide superior returns to creditors to that available under alternative insolvency proceedings (such as a bankruptcy or a receivership);
 - e) provide a mechanism for pre-CCAA warranty and seasonal work obligations to be completed; and
 - f) create an efficient, viable and stable business and structure for future business of GEH through its strategic alliance with Calbridge.

44. The Plan provides as follows:
- a) Calbridge (or its nominee) shall acquire 50% of the equity (shares and limited partnership units) of GEH and Robert Friesen will acquire the other 50%. The equity will be free and clear from any and all encumbrances;
 - b) All Affected Creditors (as defined later in this Report) will share in the Fund (as defined later in this Report) and will be paid up to the first \$3,000 of their claim and then share on a pro-rata basis up to a maximum distribution of approximately 75% of their claim;
 - c) GEH shall provide a payment to the Monitor in the amount of \$750,000 in respect of GEH's costs of participation in the CCAA Proceedings; and
 - d) Creditors unaffected by the Plan ("Unaffected Creditors") include TD, Alberta Builders Capital Inc., UBG Lot Deposit Corp. and all trade creditors for goods and services provided to GEH after May 9, 2012, the commencement date of the UBG CCAA Proceedings.
45. The Plan provides for a Fund not to exceed \$1,700,000 to be available for distribution to Affected Creditors upon Plan Implementation. The Fund will be established with the Monitor from the Emergence Facility being made available to GEH by TD.

Affected Creditors

46. For purposes of considering and voting on the Plan and receiving a distribution therefrom, there shall be only one class of creditors, which shall be comprised solely of the Affected Creditors (Affected Creditors includes those Creditors whose claims filed with the Monitor are now less than the claim amount filed as a result of certain payments, compromise or other deduction over the course of the CCAA Proceedings as noted in paragraph 51 below). The Affected Creditors comprise any and all claims filed against GEH in accordance with the Claims Procedure Order, but does not include Unaffected Creditors.
47. All Affected Creditors shall be entitled to vote on the Plan pursuant to the proof of claim filed in respect of their Affected Claim pursuant to the Claims Procedure Order with the exception of those creditors whose Affected Claim has been revised, reduced, disallowed or eliminated as a result of the Monitor's review of the Affected Creditor's claim pursuant to the Claims Process Order, or GEH completing construction and closing sales on various single family homes.
48. For purposes of receiving a distribution under the Plan, an Affected Creditor's Claim remains subject to further review and final acceptance and may be determined, in whole, or in part, to be disputed and/or contingent (a "Disputed Claim"). A Disputed Claim will not be entitled to receive a distribution under the Plan in respect thereof until the dispute is resolved. Disputed Claims will be addressed pursuant to the provisions set out in the Claims Procedure Order.

The Fund

49. The amount contributed to the Fund, whether pursuant to the Emergence Facility or otherwise provided by GEH shall not exceed \$1,700,000. The Monitor shall maintain a separate interest bearing trust account where all contributions to the Fund will be held and disbursed pursuant to GEH's Plan. The Fund shall be subject to the Fund Administration Charge (as defined below).

50. The Fund shall be disbursed by the Monitor in accordance with GEH's Plan and in the following priority:
- a) firstly, in satisfaction of any amounts owing under the Fund Administration Charge;
 - b) secondly, in satisfaction of Crown Priority Claims as described in paragraph 52 of this Report; and
 - c) thirdly, to Affected Creditors in accordance with their respective entitlements under the GEH Plan.

Distribution

51. Provided the Plan is approved by the requisite majority of Creditors and this Honourable Court (and all other conditions to implementation occur) such that there is a Plan Implementation Date, each Affected Creditor shall be entitled to receive payment from the Fund in full and final satisfaction of their Claim (subject to resolution of any aspect of their claim which is a Disputed Claim) as follows:
- a) Firstly, to the extent of the lesser of:
 - i. The amount of \$3,000; and
 - ii. The full amount of the Affected Creditor's claim; plus
 - b) Secondly, after disbursement to Affected Creditors of amounts in 51 a) above, an amount in respect of their remaining Affected Claim without interest, on a pro rata basis up to the maximum aggregate amount of 75% of their claim.
52. Within six months from the date the Sanction Order is granted, the Company shall pay from the Fund, in full, including applicable interest, the Canada Revenue Agency ("CRA") or a province, all amounts owing to CRA or a province that would be subject to a demand under subsection 224(1.2) of the Income Tax Act, or any substantially similar provision of any provincial legislation and that were outstanding as of the commencement of the CCAA Proceedings.
53. The Plan contemplates the establishment of a Fund Administration Charge. The Fund Administration Charge, to a maximum amount of \$100,000, will be created over the Fund concurrently with GEH obtaining the Sanction Order, to secure the fees, costs and expenses of the Monitor, legal counsel to the Monitor and legal counsel to GEH to administer the Fund, including the receipts and disbursements related thereto.
54. The Monitor will make distributions from the Fund to the Affected Creditors when it deems it necessary or advisable, and the Monitor is satisfied that the Affected Claim is not an unresolved Disputed Claim.
55. The Monitor will hold in the Fund the amount necessary to pay a distribution to any Disputed Claim pending final determination of the Disputed Claim for distribution purposes under the Plan.

Meeting of Creditors

56. GEH, with input from the Monitor, has prepared a proposed procedure for the meeting of creditors (the "Meeting") pursuant to the Meeting Order (if approved by this Honourable Court).
57. Pursuant to the Meeting Order, GEH will be authorized to call, hold and conduct a Creditors' meeting to consider and vote on the Plan. The Meeting is proposed to be held at the offices of Denton's on October 9, 2013 at 2:00 pm Mountain Time.
58. The Meeting will be held and conducted in accordance with the provisions of the Meeting Order, notwithstanding the provisions of any other agreement, arrangement or this Thirteenth Report.
59. A representative of the Monitor will act as the chair of the Meeting (the "Chair") and decide all matters relating to the rules, procedures and conduct of the Meeting in accordance with the terms of the Plan, the Meeting Order and any further order of this Honourable Court.
60. The quorum for the Meeting is two Affected Creditors, with no Disputed Claim, present in person or by proxy. If the requisite quorum is not present at the Meeting, then the Meeting shall be adjourned by the Chair to such time and place as the Chair deems necessary or desirable, or as ordered by this Honourable Court.
61. An Affected Creditor shall be entitled to attend and vote at the Meeting in person or by proxy. To vote by proxy an Affected Creditor must submit the Proxy and Voting Letter to the Monitor on or before 5:00 pm Mountain Time on the business day prior to the Meeting, or to the Chair prior to the commencement of the Meeting as set out in GEH's materials.
62. Voting on the Plan at the Meeting will be conducted by written ballot. Affected Creditors shall vote the value of their respective Affected Claims either in favour of or against the Plan. Each Affected Creditor shall have one vote, which vote shall carry the value of their Affected Claim.
63. Where one or more Disputed Claim(s) affects the ability of the Chair to determine whether the requisite Creditor Approval has been obtained, then the Monitor shall immediately apply to the Court to seek an expedited resolution of such Disputed Claim(s) and adjourn the meeting and the Sanction Order pending resolution of such Disputed Claim.
64. If the Meeting is adjourned by the Chair in its sole discretion or by a vote of the requisite majority of Creditors at the Meeting, the Meeting will be adjourned to such date, time and place as may be decided by the Chair or as ordered by this Honourable Court. Neither the Company nor the Monitor will be required to deliver any notice of adjournment of the Meeting other than announcing the adjournment at the Meeting and posting notice thereof on the Monitor's website.

Notice of Creditors' Meeting

65. The Monitor shall send documents (collectively referred to as the "Information Package" and which includes the Creditors' Meeting Notice, the Plan, this Thirteenth Report (noting the Monitor's recommendation on the Plan), the Creditors' Meeting Order, the Proxy and all schedules thereto) to all known Affected Creditors, as soon as practicable, and by no later than September 25, 2013 by ordinary mail at the address appearing on such Creditors' Proof of Claim previously filed with the Monitor or such other address subsequently provided by GEH or the

Creditor, on such notice to the Monitor or at such Creditor's last known address if such Creditor has not specified an address in its Proof of Claim filed with the Monitor, all in substantially the form attached to the Meeting Order.

66. The Monitor will also publish once, as soon as practicable, and by no later than September 30, 2013, a notice of the Meeting, in substantially the same form attached to the Meeting Order (the "Newspaper Notice") in the Calgary Herald.
67. The Monitor will place a copy of the Information Package on the Monitor's website www.ey.com/ca/unitybuildersgroup as soon as practicable after the granting of the Meeting Order.
68. Pursuant to the terms of the Plan, GEH shall be entitled, with the consent of the Monitor or as otherwise ordered by this Honourable Court, to amend, restate, modify or supplement the Plan provided that any such amendment, restatement, modification or supplement is in written form and is filed with this Honourable Court and, (a) if made prior to the Meeting is communicated to the Affected Creditors in a manner required by this Honourable Court or at the Meeting; and (b) if made subsequent to the Meeting, is made with the approval of this Honourable Court and of the Affected Creditors which may be adversely affected by such amendment. Amendments also require the approval of TD.
69. Pursuant to the terms of the Plan, GEH will also be authorized to alter, amend, modify or supplement the Plan unilaterally, both prior to or after the Sanction Order, without further order of this Honourable Court and without notice to the Creditors if GEH and the Monitor determine that such alteration, amendment, modification or supplement is of a technical or administrative nature required to give better effect to the implementation or substance of the Plan and is not adverse to the financial or economic interests of the Affected Creditors.

Voting

70. Only Affected Creditors will be allowed to vote at the Meeting.
71. The Chair shall direct a vote by the Affected Creditors by way of a written ballot on the Resolution.
72. The Monitor may appoint scrutineers (the "Scrutineers") for the supervision and tabulation of the votes cast at the Meeting. The Monitor will also appoint a secretary at the Meeting who, with the assistance to the Scrutineers, shall tabulate the results of the vote at the Meeting.
73. The Chair shall file its report with this Honourable Court by no later than October 10, 2013 with respect to the results of the votes cast indicating whether the Plan has been accepted by the requisite majority of creditors and whether votes cast by Disputed Creditors would affect the results of the vote.

Assignment of Claims

74. If any Affected Creditor transferred or transfers or assigned or assigns all or part of its Claim, the Affected Creditor must provide a notice of transfer or assignment executed by the Affected Creditor and the transferee or assignee (the "Proof of Assignment") not later than five calendar

days prior to the date of the Meeting in order for such transferee or assignee to be included on the list of eligible voters.

CONDITIONS FOR APPROVAL OF THE PLAN

75. The Plan must be approved at the Meeting by the Affected Creditors representing no less than 66 2/3% in value of the Affected Claims and over 50% in number of the Affected Creditors voting at the Meeting either in person, by proxy or by mail.
76. The Plan is being concurrently filed with this Honourable Court pursuant to the CCAA Proceedings. The CCAA requires that the Plan be sanctioned by this Honourable Court following approval by the requisite majority of Affected Creditors. The hearing in respect of the Sanction Order, at which hearing the sanction of the Plan under CCAA by the Honourable court will be sought, is currently scheduled for 11:00 am on Thursday, October 10, 2013.
77. In addition to the foregoing, the implementation of the Plan is conditional on a number of events set forth in section 3.1 h) of the Plan, including: (i) the amounts secured under the Administration Charge having been paid in full or agreements satisfactory to the beneficiaries are in place; (ii) Alberta New Home Warranty Program ("ANHWP") shall have confirmed its commitment to complete or cause to be completed all ANHWP Warranty and Seasonal Work and; (iii) all financing including the Term Sheet, and the financing pursuant thereto, are in satisfactory form and substance to TD, Calbridge and GEH.

Fairness of the Plan

78. Construction of single family homes by GEH was profitable. However, many of UBG's other projects were unprofitable including UBG's venture into Colorado in the United States, its several projects in Canmore, Alberta and certain multi-family projects in Calgary and Edmonton. GEH subsidized many of UBG's unsuccessful ventures over several years such that by late 2012, GEH found itself in a position that it could no longer service its existing loan facilities with TD.
79. During GEH's CCAA Proceedings, ongoing construction of houses became more difficult and costly to build and sales of new homes came to a standstill due to the uncertainty of GEH's future. Consequently, GEH determined that to develop a successful emergence strategy it needed assistance from another house builder which resulted in the strategic alliance with Calbridge.
80. Moreover, GEH required new financing from TD to; i) fund a payment to GEH's creditors, ii) develop the Mystic Ridge Project, and iii) emerge from its CCAA Proceedings with sufficient working capital to fund ongoing operations. Without the cooperation of TD, GEH's operations could not continue.
81. As at the date of this Report, TD is owed approximately \$24 million by GEH. The Monitor estimates that if GEH were to be liquidated that TD would suffer a shortfall on its loans to GEH in excess of \$10 million. GEH's remaining creditors (lienholders and unsecured) would recover nothing. In addition, homes could not be completed and delivered to customers resulting in customers losing their deposits and thereby increasing the quantum of GEH creditors.
82. The Monitor has worked closely with GEH, Calbridge and TD to assess the recoveries available in GEH as a result of its emergence from the CCAA Proceedings and continuing its operations

(the "GEH Recovery Analysis"). Attached as Appendix "A" is the GEH Recovery Analysis. The analysis reflects that TD is estimated to suffer a shortfall on its loans in the amount of approximately \$3.0 million.

83. The GEH Recovery Analysis has been prepared from information provided by and discussions with GEH and Calbridge. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information. The GEH Recovery Analysis has been compiled solely for GEH's Affected Creditors for purposes of assessing total recoveries available to GEH. Notwithstanding that TD is estimated to suffer a shortfall on its loans, TD is making funds available to be paid to Affected Creditors so that GEH can emerge from its CCAA Proceedings, continue to operate and minimize TD's estimated shortfall on its loans.
84. If the Company is unable to implement its Plan, then the stay of proceedings pursuant to the Initial Order may be terminated. If the stay is terminated, creditors would likely proceed to enforce all their rights and remedies against GEH, including enforcing their security, appointing a receiver or seeking to assign GEH into bankruptcy. In the Monitor's view, such realization proceedings would result in a liquidation of GEH's assets. If the Plan is not approved and the assets are liquidated, the Affected Creditors would recover no monies on their claims.
85. Based on the amount of the Fund, the estimated distribution to the Affected Creditors under the Plan is approximately 75%, which is substantially greater than the amount Affected Creditors would recover in a liquidation scenario.

Claims

86. Of the Claims submitted by Creditors to the Monitor there are millions of dollars of Disputed Claims. GEH disagrees with the quantum being claimed in those Disputed Claims, or that the Claims have been made against the wrong UBG entity, or that the Disputed Claims are contingent in nature. As previously noted, Disputed Claims will be addressed commencing approximately 60 days after the Plan Implementation Date and pursuant to the provisions set out in the Claims Procedure Order.
87. The Plan is designed to return to creditors an amount of approximately 75 cents on the dollar. If the Creditors' pool is larger than projected such that recoveries are less than 75%, the Plan may not move ahead based on the conditions precedent set out in the Plan.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

88. The Monitor supports the Company's request for an extension of the stay of proceedings from September 20, 2013 to October 31, 2013 for the following reasons:
 - a) The Company is acting in good faith and with due diligence in its restructuring efforts;
 - b) The Company has made significant progress in respect of its restructuring by entering into various protocols with its lenders, developing exit strategies in respect of the Canmore marketplace, selling projects and assets that are uneconomic, emerging GHL from these CCAA Proceedings and developing the GEH Plan;

- c) The Company continues to focus its resources on the various projects that remain under construction; and
- d) An extension will provide:
 - i. the Company's management team, with the assistance of the Monitor, an opportunity to continue to review the projects and develop go forward strategies on a project specific basis; and
 - ii. the Company with an opportunity to continue to monetize certain of its assets, under the supervision of this Court, which is expected to maximize recoveries for all stakeholders.


CONCLUSION AND RECOMMENDATION

- 89. UBG has undertaken numerous steps over the course of its CCAA Proceedings all with the view to restructure GEH's financial affairs to advance a plan of compromise and arrangement to its creditors and stakeholders.
- 90. The Monitor is in support of GEH's Plan and is in support of UBG's request for an extension of the CCAA Proceedings.
- 91. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make orders granting the relief detailed in Paragraph 6 d) of this Report.

* * *

All of which is respectfully submitted this 13th day of September 2013.

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

Per: 
Robert J. Taylor, FCA, CIRP

Greenboro Estate Homes Limited Partnership
GEH Recovery Analysis
As at September 13, 2013
C\$000's, unaudited

	<i>Note</i>	
Balance-The Toronto-Dominion Bank Loan	1	(23,875)
Cash on hand	2	2,881
		<u>(20,994)</u>
Estimated Receipts		
Closings	3	96,972
Deposits previously collected	4	(2,699)
Deficiency costs	5	(144)
Legal fees	6	(35)
Real estate commissions due	7	(170)
		<u>93,924</u>
Estimated Disbursements		
Lot payables	8	(22,629)
Operational overhead	9	(8,133)
Calbridge management fees	10	(360)
Pre CCAA accounts payable	11	(1,700)
Post CCAA accounts payable	12	(1,770)
Costs to complete	13	(38,326)
		<u>(72,918)</u>
Administration Charge	14	(750)
Excess Receipts		<u>20,256</u>
Loan interest	15	(2,555)
Surplus from completion of Greenboro Luxury Homes properties	16	631
Surplus/(Deficit)		<u>(2,662)</u>

Greenboro Estate Homes Limited Partnership
GEH Recovery Analysis
As at September 13, 2013
C\$000's, unaudited

Notes

1. Approximate balance outstanding on loans from The Toronto-Dominion Bank.
2. Funds held in trust by Denton's LLP in respect of closings of GEH house sales.
3. Estimated gross receipts from closings on pre-sold houses, home sales, existing lots and sales in the Mystic Ridge Development.
4. Deposits previously collected prior to the commencement of the CCAA and not held in trust.
5. Estimated costs for remedial work on deficiencies for GEH homes closed post-CCAA.
6. Estimated legal fees due for future closings.
7. Commissions due to realtors in respect of future sales.
8. Amounts due to developers in respect of lot payables.
9. Overheads estimated by Calbridge to construct, market and sell the homes. Includes general and administration costs and payroll.
10. Calbridge's management fees, pursuant to the Calbridge Management Agreement, are \$30,000 per month.
11. Estimated pre-CCAA amounts due in respect of GEH accounts payable.
12. Current accounts payable (post CCAA).
13. Estimated construction costs to complete remaining GEH properties.
14. Estimated costs for GEH's participation in the CCAA proceedings.
15. Estimated interest to be incurred during the construction of the remaining GEH properties.
16. Surplus available from completion of two properties in Greenboro Luxury Homes that Calbridge will complete.