

CLERK OF THE COURT
FILED
Clerk's Stamp
MAR 23 2015
JUDICIAL CENTRE
OF CALGARY

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 **TWENTIETH REPORT OF ERNST & YOUNG INC. AS CCAA
MONITOR OF THE UBG GROUP OF COMPANIES**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT **BENNETT JONES LLP**

4500 Bankers Hall East
855 2nd Street SW
Calgary, AB T2P 4K7
Phone: 403-298-4485
Fax: 403-265-7219
Email: simardc@bennettjones.com
Attention: Chris Simard

TABLE OF CONTENTS

INTRODUCTION..... 1

 Purpose of this Report 1

 Terms of Reference 1

 Currency..... 2

BACKGROUND 2

 Overview 2

COMPANY’S ACTIVITIES 2

MULTI-FAMILY PROJECTS..... 4

 Origins at Cranston 4

 South Terwillegar 5

 Village on the Park (“VOP”) 6

 Murals 7

 Wilderness 9

 Mountaineers II 9

 Valmont 9

SINGLE FAMILY PROJECTS..... 10

 Greenboro Estate Homes Limited Partnership 10

 Mystic Ridge..... 11

 Greenboro Luxury Homes..... 11

 Greenboro Homes Limited Partnership 11

 Today’s Homes 11

UBG LAND LIMITED PARTNERSHIP..... 12

INVESTORS 13

 ABC US Capital..... 13

TAX RETURNS..... 13

COMPANY’S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS..... 13

CONCLUSION AND RECOMMENDATION 14

APPENDIX

Murals Statement of Receipts and Disbursements”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 19 reports plus 13 project-specific reports in these CCAA Proceedings in connection with various Court applications made by UBG including obtaining approval for various Protocols for interim financing with several of the Company's lenders.
3. Pursuant to a Court Order made on December 15, 2014, the stay of proceedings under the Initial Order was extended to March 31, 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 twentieth 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 twentieth 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 a distribution of proceeds in respect of the sale of units in the Murals Project to the Murals Project investors; and
 - ii. Extending the stay of proceedings under the Initial Order to June 30, 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 8th Friesen Affidavit”) filed in these CCAA Proceedings which included, *inter alia*, details on:
 - a) The Company’s corporate organization and divisional structure;
 - b) Background on single family and multi-family projects;
 - c) Further information on operations in the US;
 - d) Commercial land and building holdings; and
 - e) Investors.

COMPANY’S ACTIVITIES

11. UBG continues to address various Projects. Since the commencement of the CCAA Proceedings, those efforts, among other things, include:
 - a) Continuing to close Residential Units;
 - b) Discussions and meetings with certain Company lenders;
 - c) Discussions and meetings with Alberta New Home Warranty Program (“ANHWP”);
 - d) Quitclaiming UBG’s head office property located in Calgary, Alberta owned by UBG 808 Calgary Limited Partnership to ICI Capital Corporation (“ICI”);
 - e) Quitclaiming and or conveying 31 condominium units located in Canmore, Alberta owned by Timberline Lodges Limited Partnership to ICI and Bank of Montreal (“BMO”);
 - f) Closing the sale of the property located in Canmore owned by The Ledges Limited Partnership;

- g) Communicating with investors and Olympia Trust Company in respect of a solution to the Mountaineers Village II Project located in Canmore;
- h) Closing the sale of 19 condominium units located in Canmore owned by Wilderness Ridge at Stewart Creek Limited Partnership (“Wilderness”);
- i) Closing the sale of the commercial property located in Canmore owned by UBG 75 Canmore Limited Partnership;
- j) Closing the sale of the property located in Edmonton, Alberta owned by Village at the Hamptons Limited Partnership;
- k) Closing the sale of the property located in Edmonton owned by Edgewater at Griesbach Limited Partnership;
- l) Closing the agreement for transfer of the property located in Calgary owned by UBG Bridges Limited Partnership (“Bridges”);
- m) Concluding the Terwillegar Project;
- n) Vesting the lands located in Calgary owned by Valour Park at Currie Limited Partnership (“Valour Park”) to Canadian Western Bank (“CWB”);
- o) Closing the sale of the property located in Edmonton owned by Village at Laurels Limited Partnership;
- p) Closing the sale of the Project located in Calgary owned by Valmont at Aspen Stone Limited Partnership (“Valmont”);
- q) Closing the sale of seven townhouse units owned by Origins at Cranston Limited Partnership (“Origins”) to Attainable Homes Calgary Corporation (“Attainable Homes”);
- r) Negotiating first the financing and completion of, and then the return of, the 40 Calgary lots owned by Today’s Homes to United Communities;
- s) Successfully emerging Greenboro Homes Limited (“GHL”) from these CCAA Proceedings effective August 29, 2013;
- t) Obtaining Court approval of a stalking horse solicitation process and subsequently a vesting Order in respect of Phase 3 of the Origins Project;
- u) Communicating and working with the investors in American Builders Capital (US) Inc. (“ABC Capital US”) 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 Fennel 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) Working with the Monitor and its legal counsel to assess claims filed by creditors in these CCAA Proceedings including obtaining certain settlements;
- z) Dealing with various lienholders in connection with the establishment, maintenance, verification and payment of various lien claims; and
- aa) 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 that phase 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 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 Construction Management Ltd. ("Lear") was building Origins; however, prior to completing construction on the 24 townhomes Lear stopped working and did not return to the Origins construction site. Lear is owed significant amounts for costs incurred pre-May 9, 2012 and also for amounts owed post-May 9, 2012.
- 18. Lear filed an application returnable November 26, 2013 seeking various relief including orders:
 - i) determining the amount owing to Lear; ii) 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. With respect to pre-May 9, 2012 amounts owed to Lear, those amounts will be addressed in due course as part of the Claims Process and will be subject to not only establishing the validity of these claims, but also to priority claims and realizations on the Origins Project.
20. In respect of post-May 9, 2012 amounts owed to Lear, Lear has submitted invoices to Origins which indicate that costs have increased over budgeted costs. As Lear is aware, the funds provided by ICI were a fixed amount and no additional funds were available from the ICI loan facilities to address any increased costs. The cost consultant retained on the project approved Lear's invoices in accordance with the agreed upon budget. No additional amounts have been approved for payment to Lear.
21. UBG and the Monitor have provided Lear with certain Origins accounting information as requested by Lear.
22. On August 28, 2014 a consent Order was agreed to setting out, among other things, certain dates for examinations, filing of reports and submission of written briefs. The hearing date for this matter was set for 10:00 am on November 4, 2014; however that date could not be met and the matter has been adjourned *sine die*. A representative of Lear was examined by the Monitor's counsel on August 22, 2014 and the undertaking responses in respect of the examination were received on December 4, 2014.
23. Lear's undertakings require some clarification and the Monitor's counsel is communicating those to Lear's legal counsel. The Monitor's legal counsel will also work with Lear's counsel and counsel for the Investors to establish a Court date for this matter to be heard.
24. There are several outstanding deficiency claims relating to the condominiums and townhomes, and certain common areas which to date totals approximately \$26,000. It is the Monitor's view that the deficiency claims should be paid from the funds held in respect of this project in priority to other claims.

South Terwillegar

25. The project known as South Terwillegar is a two phase 112 unit townhome complex located in Edmonton, Alberta. All construction is complete.
26. 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.
27. 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.

28. Counsel for UBG holds approximately \$883,000. From this amount, certain amounts need to be withheld:
- a) \$126,000 holdback for deficiencies. The Monitor is aware of no outstanding deficiencies except for certain unfinished items from the original 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 \$13,000 has been paid;
 - b) Approximately \$221,000 in respect of GST potentially payable to the Canada Revenue Agency. The Monitor is in the process of preparing all required GST returns for this project.
 - c) Approximately \$60,000 in respect of potential outstanding sales commissions. The Monitor is investigating whether the commissions are in fact owed; and
 - d) A contingency of \$50,000 in respect of potential additional matters or costs that may be incurred to conclude administration on the South Terwillegar project.
29. 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. The Monitor is not aware of any outstanding deficiencies at Terwillegar that would be subject to ANHWP's warranty and accordingly has written to ANHWP requesting the release of the letter of credit.
30. 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.
31. The Monitor proposes to make an interim distribution to the investors estimated to be approximately \$425,000. The Monitor anticipates that UBG will make an application to Court within the next 45 days to obtain approval for the interim distribution. Should surplus funds eventually be available from the holdbacks noted above, there will be a second distribution to the Investors.

Village on the Park ("VOP")

32. The project known as Village on the Park ("VOP") is a three phase 243 unit condominium complex comprising three buildings located in Edmonton. Construction on all three buildings is complete and all units have sold and closed.
33. Scotiabank was providing the financing on this project. The Scotiabank loan was retired in full on July 24, 2012.
34. There are amounts owed to Trades in respect of construction and amounts also owed to Lear for its role in the construction. UBG has identified several deficiencies and a list of those deficiencies has been provided to Lear. Those deficiencies have not yet been addressed. Lear is of the view that its contract is a cost plus contract and that the costs to rectify any deficiencies are for VOP's account. UBG and the Monitor disagree with Lear's position and have taken alternative steps to have the deficiencies completed.

35. Numerous creditors have made claims against VOP totalling in excess of \$300 million. The Monitor has completed its review of the majority of the claims however it is likely some of those claims will be disputed.
36. The Monitor has completed its review of the VOP bank accounts since the inception of the VOP project to determine amounts that may be owed to certain parties that have filed claims against VOP. This exercise was complicated and time consuming. Based on the review it appears that a large claim filed against VOP in the amount of \$1.9 million is not a valid claim.
37. The Monitor is finalizing its review of the VOP claims process and anticipates that UBG will be making an application to Court within the next six to eight weeks seeking approval for a distribution of the funds held in respect of this project.

Murals

38. 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.
39. 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.
40. 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 are currently being held in trust by UBG's counsel, pending distribution to the Unit Holders. An accounting for the Phase 2 proceeds has been reviewed by the Monitor and is attached hereto as Appendix "A".
41. The Monitor's legal counsel, Bennett Jones LLP ("Bennett Jones"), has opined on the Unit Holders' security and, subject to customary assumptions and qualifications, the Unit Holders' security:
 - a) constitutes legal, valid and binding obligations of High Pointe Limited Partnership;
 - b) creates in favour of the Unit Holders a valid fixed charge over the charged Murals property; and
 - c) the Unit Holders' security has been duly registered, filed or recorded in Alberta.
42. The Monitor supports UBG's application to distribute the net proceeds of the sale of the Phase 2 units to the Unit Holders, in accordance with the accounting attached as Appendix "A".

43. UBG has explored various alternatives in respect of Phase 3 of the Murals Project. Kohr Builders Inc. ("Kohr"), a company that was established by a former UBG employee, made a proposal to complete this project (the "Kohr Proposal"), but the Kohr Proposal was ultimately unable to close.
44. By way of Extraordinary Resolution, the Investors appointed a Steering Committee to manage the listing, marketing and sale of the Phase 3 lands.
45. 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.
46. The Fennell Offer contains the following material terms:
 - a) an aggregate purchase price of \$900,000;
 - b) the Phase 3 lands will be sold on an "as is – where is" basis;
 - c) the offer is subject to buyer approval following a 90 day due diligence period;
 - d) the closing date is set for 60 days following satisfaction or waiver of conditions; and
 - e) the offer is subject to the Court granting an approval and vesting order in respect of the Phase 3 lands.
47. The Steering Committee has communicated to the Monitor its belief that the Fennell Offer is the best offer that will be received. The Unit Holders are the only creditor that will see any recovery upon the completion of the Fennell Offer, and will experience a significant shortfall on their debt.
48. As the Fennell Offer is conditional, the Monitor anticipates UBG will return to Court for approval of the Fennell Offer at a later date. At present, the Monitor supports UBG continuing to advance the Fennell Offer, because:
 - 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 Unit Holders, who are the only affected creditor in respect of this project, are in favour of this course of action.
49. The Borrower's Cost associated with the distribution and conveyance of the Phase 3 lots as outlined herein is estimated to be \$52,500. This 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 the Borrower's Cost of approximately 5% of the value of the Phase 3 lots 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

50. The sale of the Wilderness project to Highfield Stock Farm Inc. ("Highfield") closed on May 2, 2013. Pursuant to the sale agreement, Highfield was to either: i) assume the obligations pursuant to \$525,000 letters of guarantee; \$500,000 held in the favour of the Town of Canmore in respect of landscaping requirements and \$25,000 in favour of ANHWP; or ii) provide a cash secured replacement letter of guarantee to the Town of Canmore.
51. Highfield assumed the obligations pursuant to the letter of guarantee. The Town of Canmore has released \$450,000 of the \$500,000 guarantee and those funds will be available for distribution to the Wilderness project creditors on a pro rata basis. The Town of Canmore recently released an additional \$45,000 of the guarantee.
52. The Monitor has completed its review of the claims filed against the Wilderness Project and issued several Notices of Revision or Disallowance. The time to dispute the last Notice of Revision or Disallowance issued by the Monitor has expired. There remain two unresolved claims. The Monitor is attempting to resolve such claims in as timely a basis as possible.
53. Should the remaining two claims be resolved in the near future, the Monitor anticipates that UBG will make an application to Court in the next six to eight weeks seeking approval for a distribution of the funds held in respect of this project.

Mountaineers II

54. Mountaineers II comprises three acres of raw land located in the Three Sisters area in Canmore. Unity Investments holds security over this project and is owed approximately \$2.9 million. Based on information available to the Monitor, it appears that there is only one additional creditor on Mountaineers II which is the Town of Canmore for outstanding property taxes.
55. The Monitor solicited a listing proposal from a large independent real estate firm indicating a suggested listing price of \$1.6 million. The Court approved listing Mountaineers II lands for sale and the property was placed on the market in January 2013.
56. There were no formal offers received for the property and the listing agreement was allowed to expire.
57. 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. Once the terms of the transaction are finalized it is anticipated an application will be made to this Honourable Court seeking approval for the property to be transferred.

Valmont

58. The sale of the Valmont project was approved by this Honourable Court on August 30, 2013 and closed on September 6, 2013.
59. 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. in respect of the subordination of its claim and the quantum of certain third party lien claims.

60. The Monitor's attempts to settle the Square Foot dispute have been unsuccessful. The Monitor and its legal counsel will be working with Square Foot's legal counsel to establish agreeable dates to have this matter heard by the Court. Square Foot's legal counsel has advised that it will be making a Court application soon for the determination of the dispute.
61. West Gallant Developments Ltd. ("West Gallant") submitted a claim against Valmont in the amount of \$4,940,000. The Monitor does not dispute the quantum of West Gallant's claim but rather its priority. West Gallant filed a Notice of Dispute with the Monitor and the claim has not been resolved. 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 recently issued payments to six lienholders.
62. West Gallant is challenging the lien claims of Burnco, United Rentals and Harris Steel and is seeking an order from the Court to obtain copies of the proofs of claim filed by certain lien claimants.
63. Similar to the VOP project the Monitor has completed its review of the Valmont bank accounts since the inception of the Valmont project to determine amounts that may be owed to certain parties that have filed claims against VOP. This exercise was complicated and time consuming. Based on the review it appears that a claim filed against Valmont in the amount of \$495,000 is not a valid claim.
64. 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.

Other Multi-Family Projects

65. The Valour Park project has been returned to CWB pursuant to previous Monitor's reports. There are no funds for creditors or investors.
66. The trial of an issue that was directed to determine which parties, if any, are liable to purchasers at Valour Park for unrecovered deposits is ongoing.

SINGLE FAMILY PROJECTS

Greenboro Estate Homes Limited Partnership

67. On October 10, 2013 the Court issued an order approving GEH's Plan and the Plan was implemented on December 31, 2013.
68. The Monitor has reviewed the claims against GEH and issued several Notices of Revision or Disallowance. There remain some unresolved claims that the Monitor is currently addressing.

Mystic Ridge

69. 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.
70. 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.
71. The development of Mystic Ridge was integral to GEH's emergence of from these CCAA Proceedings. The Monitor has been contacted by the developer of Phase 1 in connection with certain unfinished development requirements. The Monitor is working with UBG and GEH to attempt to understand the development requirements in respect of Phase 1.

Greenboro Luxury Homes

72. 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.
73. Both properties have been completed and the sales have closed. The construction financing was provided by The Toronto-Dominion Bank ("TD") pursuant to a financing protocol approved by this Honourable Court. The Greenboro Luxury TD loan has been paid in full.
74. Certain expenses mainly relating to landscaping on the two houses are still being incurred and will likely not be finalized until late spring. Once the Monitor understands the quantum of funds that will be available to creditors, the Monitor will commence its review of the claims filed against Greenboro Luxury LP.

Greenboro Homes Limited Partnership

75. On August 29, 2013 the Monitor filed the required Monitor's Certificate and GHL has emerged from these CCAA Proceedings.
76. There are a few claims remaining that need to be resolved and the Monitor is working to settle those claims.

Today's Homes

77. Certain of Today's Homes' single family homes are financed by Sterling Bridge Mortgage Corporation ("Sterling Bridge"). UBG entered into a lending agreement with Sterling Bridge to provide financing to Today's Homes of up to \$6.0 million to construct 17 homes. The Sterling Bridge Protocol which was approved by this Honourable Court on September 14, 2012 governs

the financing relationship. Details of each of the Today's Homes projects are contained in the Second Report and the May 8th Friesen Affidavit.

78. 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.
79. 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 that are currently being addressed.
80. 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.
81. 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

82. 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.
83. The time horizon for development was long term as the majority of the land inventories remain bare land and are not yet under development.
84. Through the JVAs, lands are normally contributed by a JV party and held by a corporation (as nominee) or that JV party for and on behalf of the JV parties. Each JV party has a beneficial interest in the lands in proportion to the value it has contributed to the JV, either in land or in cash. Each JV party is required to make capital contributions for the duration of the JV; however, if a JV party fails to make its required capital contribution, its capital contribution may be covered by the other JV parties in the form of a loan secured by a lien against the defaulting party's beneficial interest.
85. In some cases, UBG's interest in a JV may be further contributed to a second JV with another group of participants, further sharing costs and recoveries.
86. 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.
87. In addition to the foregoing, UBG Land owned 21 lots located near Strathmore, Alberta. A realtor has been retained and those lots have been listed for sale. Offers have been received and accepted on four of the lots. The sales prices have been equal to or greater than the listing prices;

however, there have been no offers or sales for several months due to the current Alberta economic environment.

INVESTORS

88. The Company attracted investment through its Unity Investments division as described in the Second Report and more fully in the May 8th Friesen Affidavit.
89. There are approximately 227 individual investors invested through Unity Investments, ABC Capital and ABC US Capital.
90. 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.
91. The Monitor continues to make distributions when sufficient funds are available and releasable.
92. 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.

ABC US Capital

93. The Monitor reported in its Eighteenth Report that all UBG's right, title and interest in and to the 67 lots was transferred to Valiant Trust Company pursuant to an order of this Honourable Court dated August 4, 2014.

TAX RETURNS

94. Pursuant to an order granting the Monitor certain enhanced powers issued on December 2, 2013 (the "Enhanced Powers Order"), the Monitor has been working to assist UBG to provide tax returns and GST returns for the various UBG entities.
95. Obtaining the financial information necessary for completing the tax returns for the various UBG entities and preparing the returns has taken longer than originally anticipated. Once those returns are completed the Monitor will be able to provide tax reporting information for the 227 individual investors. The Monitor continues to work on finalizing these documents.
96. The Monitor continues to work on filing GST returns for the various UBG entities.

COMPANY'S REQUEST FOR AN EXTENSION OF THE CCAA PROCEEDINGS

97. The Monitor supports the Company's request for an extension of the stay of proceedings from April 1, 2015 to June 30, 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

98. 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 23rd day of March 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

UBG Builders Group
Murals at High Pointe Project
Statement of Receipts and Disbursements
As at March 20, 2015
\$ CDN

Appendix "A"

Receipts

Unit closing	\$	259,710.31
Unit closing		219,483.90
Unit closing		218,261.59
Unit closing		217,819.25
Unit closing		217,493.52
Unit closing		240,334.30
Unit closing		238,436.22
	\$	<u>1,611,539.09</u>

Disbursements

Construction completing costs	\$	940,000.00
GST		75,366.79
Irrigation and maintenance costs		25,000.00
Property taxes		65,212.78
Realtor commissions		61,650.21
Borrower's cost		161,153.91
Holdbacks (0.5%)		8,057.70
R Wyton Appraisal		2,100.00
McLeod & Company (bylaws)		5,428.87
Contingency		25,000.00
	\$	<u>1,368,970.26</u>

Mortgage distribution \$ 242,568.83