Exhibit "4"

THIS IS EXHIBIT "4"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

AGREEMENT FOR PURCHASE AND SALE

BETWEEN:

1199032 ALBERTA LTD., a corporation incorporated under the laws of the Province of Alberta

(the "**Vendor**")

- and -

GREENBORO ESTATE HOMES LIMITED PARTNERSHIP, a limited partnership formed pursuant to the laws of the Province of Alberta, by its general partner, **GREENBORO ESTATE HOMES (2006) LTD.**, a corporation incorporated under the laws of the Province of Alberta

(the "**Purchaser**")

WHEREAS the Vendor is developing a residential subdivision in Calgary, Alberta (herein referred to as "**Mystic Ridge**") a copy of the tentative plan of subdivision for Mystic Ridge being attached hereto as Schedule "A" (the "**Plan of Subdivision**");

AND WHEREAS pursuant to the an order of the Court of Queen's Bench (Judicial District of Alberta) dated March 16, 2012, a copy of which is attached hereto as Schedule "B", the Vendor has been ordered to sell the Phase 2 Lots (as defined below) to the Purchaser;

NOW THEREFORE, in consideration of the mutual covenants herein contained and the payment of the Purchase Price as referenced in this Agreement, the receipt and sufficiency of which are acknowledged by both parties, the parties hereto agree as follows:

1. Subject to Articles 4 and 30 hereof, the Purchaser agrees to buy and the Vendor agrees to sell those lands in The City of Calgary, in Province of Alberta and the 30 lots therein contained as set out in Schedule "C" attached hereto (the "**Phase 2 Lots**" or the "**Lands**" as the context requires).

2. The purchase price payable by the Purchaser to the Vendor for the Lands shall be THREE HUNDRED THOUSAND ($300,000.00) DOLLARS per Phase 2 Lot for an aggregate price of NINE MILLION ($9,000,000.00) DOLLARS (the "**Purchase Price**"), payable as follows:

    (a) With respect to all Phase 2 Lots as set out in Schedule "C", a 20% deposit, in the sum of ONE MILLION EIGHT HUNDRED THOUSAND ($1,800,000.00) DOLLARS to be paid to the Vendor upon execution of this Agreement for Purchase and Sale (the "**Agreement**") by the Purchaser.

    (b) By a further payment by the Purchaser to the Vendor of the balance of the Purchase Price, to be paid ten (10) business days following the date of registration of the Plan of Subdivision (hereinafter referred to as the "**Final Payment Date**") after deduction of the apportioned deposit. In the event that the Purchaser fails to pay to the Vendor the applicable purchase price on or prior to the Final Payment Date, then provided that the

Vendor agrees, at its sole and absolute discretion, to accept late payment of the purchase price, interest shall be paid by the Purchaser to the Vendor in accordance with Section 3(a) as set out below.

The aforesaid Purchase Price does not include Goods and Services Tax ("**GST**") which shall be payable with the final payment due on account of the Purchase Price unless at the time of payment (and prior to the Purchaser obtaining title to the Lands) the Purchaser is a GST registrant and provides to the Vendor a Statutory Declaration issued on or about the Final Payment Date stating its correct and valid GST registration and confirming its continuing GST registration and confirming that the Purchaser is acquiring the Lands on its own behalf and not as agent or trustee for any other person. The Purchaser agrees to indemnify and save harmless the Vendor from and against any and all GST which the Vendor is required to pay relating to this Agreement and the transactions contemplated herein. The term Goods and Services Tax means the Federal Goods and Service Tax as provided in the Excise Tax Act (Canada), as amended from time to time.

3. In addition to the total Purchase Price and such other sum or sums as are contemplated to be paid pursuant to this Agreement for Purchase and Sale, the following sums shall be paid:

   (a) Interest on monies payable but unpaid with reference to Section 2(b) aforesaid shall be payable at a rate of 8 percent over the prime lending rate as determined by The Toronto-Dominion Bank Canada in the City of Calgary in the Province of Alberta (said prime lending rate as referred to aforesaid, shall be the rate determined and announced by the HSBC Bank Canada from time to time and shall hereinafter be referred to as the "**Prime Rate**") until the unconditional payment of the required amount has been made to the Vendor.

   (b) The Purchaser shall pay to the Vendor a damage deposit in the sum of $1,000.00 per Lot (the "**Damage Deposit**"). The Damage Deposit is to be paid in addition to all sum or sums as referred to aforesaid, which Damage Deposit is to be paid in accordance with Article 15.

   (c) Any taxes payable by the Purchaser to the Vendor pursuant to Articles 2 and 39 hereof.

4. The Purchaser acknowledges and agrees that arrangements for the development of the Lands may not be completed at the date hereof and the completion of such arrangements is a condition precedent to the obligation of the Vendor to sell the Lands to the Purchaser, and all amounts paid by the Purchaser to the Vendor pursuant to the terms hereof are paid on the understanding that if this condition precedent is not met, all such amounts shall be refunded by the Vendor, subject to the discharge of all encumbrances, liens, or interests registered against the Lands by the Purchaser or in respect of its interest in the Lands by the Purchaser.

5. The Vendor agrees to grant possession and provide a registrable transfer of the Lands (the "**Transfer of Land**"), subject to the Purchaser first having provided the Vendor with:

   (a) unconditional payment of the Purchase Price, together with interest and other adjustments all as contemplated by the terms of this Agreement; and

   (b) if appropriate, a Damage Deposit in accordance with Article 15 hereof.

The Purchaser shall bear all costs relating to the registration of the Transfer of Land and the transfer of title to the Lands.

6. Title to the Lands shall be free and clear of all restrictions, charges and encumbrances except for:

(a) the terms of the Architectural Guidelines described in Article 14 of this Agreement, which may be registered by way of Restrictive Covenant;

(b) the conditions, reservations and exceptions contained in the original grant from the Crown;

(c) such building schemes, restrictive covenants, caveats, encumbrances, rights of way or easements, which may be registered pursuant to, or arising out of, the Vendor's Development Agreement (herein referred to as the "**Development Agreement**") with The City of Calgary, relating to Mystic Ridge containing the Lands, or pursuant to any land use bylaws, or registered by the Vendor with respect to its rights under this Agreement;

(d) such further restrictive covenants, caveats, rights of way or easements as may be related to the Lands with respect to airport or flight path restrictions or regulations, or as may be reasonably necessary, in the opinion of the Vendor, for access, drainage or to install utilities and services, or in respect of mailboxes, fire hydrants, electrical transformers, cable T.V. boxes, telephone boxes or street lighting or which are or were incidental to the subdivision or development of Mystic Ridge within which the Lands are located;

(e) such encumbrances and rent charges in favour of any utility provider in connection with the services to be provided by it in connection with the Lands;

(f) such financial charges or encumbrances which may be registered against the interest of the Vendor in the Lands with the Vendor's consent and which the Vendor undertakes to discharge from the Title to the Lands within a reasonable period of time from the closing; and

(g) any charges and encumbrances created by, or through, the Purchaser.

7. Taxes, rates, insurance, and all matters of usual adjustment shall be adjusted between the Vendor and the Purchaser as at the date that the Plan of Subdivision with reference to the Lands located in Mystic Ridge has been registered. In the event that the Vendor is required or desires to obtain a clear municipal tax certificate, the Purchaser hereby indemnifies the Vendor against all costs, charges, and expenses incurred by the Vendor with respect to obtaining such tax certificate and such sum or sums shall be paid by the Purchaser to the Vendor within thirty (30) days from the date the Vendor advises the Purchaser that said payment has been made.

8. At any time at which the Vendor is the owner of the Lands, the Purchaser covenants and agrees that it will not permit any Builder's Lien in respect of work done or materials or services supplied at the request of the Purchaser or any of its contractors or subcontractors or anyone thereunder, to be filed against title to any lands within Mystic Ridge or against the title to the Lands, nor at any time allow any such Builder's Lien to remain on any such title for more than 30

days following any such Builder's Lien being registered. The Purchaser agrees to indemnify and save harmless the Vendor from all losses, costs (including legal costs on a solicitor and his own client bases), charges and expenses which the Vendor may suffer as a result of a breach of this provision.

9. The Purchaser shall grade that portion of the Lands abutting any reserve lands, streets, lanes, walkways, parks and other land or lands subject to easements for drainage and walkways purposes so as to comply with the grade plan or direction (including construction of retaining walls) approved by the engineer of or designated by The City of Calgary, or if such a slope plan or direction has not been approved, the Purchaser shall grade the Lands as directed by the Vendor or its engineering advisor. In the event that the Purchaser does not comply with this provision, the Vendor shall be entitled to carry out the obligations of the Purchaser hereunder and the Purchaser shall pay to the Vendor forthwith on receipt of invoices therefore the costs of all such grading which the Vendor shall carry out, or any retaining wall which the Vendor shall construct in lieu thereof, and any other action or work taken by the Vendor to remedy any default of the Purchaser in carrying out the plan or direction of such engineer, and which grading, construction or action of the Vendor shall be done or taken in the exercise of the reasonable discretion of the Vendor in order to comply with such plan or direction, or to satisfy any other obligation arising from such plan or direction. The Purchaser hereby grants to the Vendor an irrevocable license from the date hereof until such date as The City of Calgary has issued the final acceptance certificates in respect of the subdivision in which the Lands are located, to enter upon the Lands for the purposes of performing any work which may be required by The City of Calgary for the issuance of such certificates, and, in particular, to cause the grading and further drainage of Lands, including any drainage sewers to comply with the requirements of The City of Calgary.

10. The Purchaser shall take good care of each public utility, improvement, road and sidewalk that is located in the subdivision in which the Lands are located. The Purchaser shall be responsible and agrees to indemnify and save harmless and hereby indemnifies and saves harmless the Vendor for the cost of locating and replacing or repairing damage occasioned to any tree, water line, storm sewer, sanitary sewer, grades, curb, sidewalk, hydrant, water valve, storm sewer connection, sanitary sewer connection, electric cable, transformer, telephone line, cable television line and other services related to the Lands, and for repairing, refilling, removing and re-grading any road where the road has been damaged or where earth or any other foreign matter has been deposited on a road in the subdivision if, in the opinion of the Vendor (acting reasonably), such cost has been incurred by reason of any action or negligence of the Purchaser or any person or persons for whom the Purchaser is responsible. The Purchaser shall also indemnify and hereby agrees to indemnify the Vendor against the costs of all repairs which the Vendor shall be required to make in order to obtain any intermediate approval, final approval, or acceptance of any utilities and services by the local authority in which the Lands are located, or its authorized agent. In the event that the Vendor is unable to determine the party causing any of the damage referenced above, the Purchaser agrees that the Vendor may assess the cost of such repairs amongst those parties building homes in the subdivision in such percentages as the Vendor may reasonably determine.

11. The Purchaser acknowledges and agrees that it is the prime contractor within the meaning of the *Occupational Health and Safety Act* (Alberta) and the Purchaser undertakes to carry out the duties and responsibilities of the prime contractor with respect to all work performed on the

Lands, and as far as it pertains to the building of the residence on the Lands, excluding work performed by contractors, consultants or utility companies on behalf of the Vendor. The Purchaser shall indemnify and hold harmless the Vendor from any liability for claims, damages or penalties, including legal fees on a solicitor and his own client basis, to defend any prosecutions or civil actions arising from the Purchaser's failure to comply with the duties, responsibilities and obligations of the prime contractor under the Occupational Health and Safety Act (Alberta) or any other relevant legislation.

12. The Purchaser shall indemnify and save the Vendor harmless from and against all claims, demands, proceedings, actions, damages, costs and expenses which may be made or brought or incurred against the Vendor howsoever or which the Vendor may sustain, incur, be put to or liable for, either directly or indirectly, by reason of construction or the performance of any other work on or in connection with the Lands by the Purchaser or any subsequent purchaser or any contractor, servant, agent or workman of the Purchaser or any subsequent purchaser or any other person or persons entering upon the Lands. It is further understood and agreed that the Vendor shall not be liable in respect of any claims, demands, actions or proceedings which may be made or brought against the Purchaser or any subsequent purchaser arising out of or in any way related to the Purchaser's or any subsequent purchasers' use or occupation of the Lands, inclusive of but not limited to the construction or performance of any work thereon. The Purchaser shall, upon demand, provide proof of public liability insurance in a form, substance and amount satisfactory to the Vendor.

13. The Vendor has or shall furnish all material and do all the work necessary to install those utilities and services required to be installed pursuant to the terms of any Development Agreement(s) entered into between the Vendor and The City of Calgary, provided that the Vendor shall not be responsible or liable in any manner for delays in completion, or failure to complete the furnishing of any materials or the doing of any work provided for in this clause due to shortages of material or labour, strikes, or any other cause beyond the control of the Vendor.

14. The Purchaser covenants and agrees not to construct any residential building or other building or fence, screen, retaining wall, erection or other improvement of any kind on the Lands other than in accordance with the development guidelines issued by the Vendor (which development guidelines shall hereinafter be referred to as the "**Architectural Guidelines**") and the Purchaser shall not apply for a building permit for the construction of a residential building on the Lands until a plan indicating the site of the residential building, grade elevation and exterior appearance including finishing and colour, and landscaping details has been approved in writing by the Vendor in accordance with the Architectural Guidelines, provided that the Vendor shall have no responsibility or liability by reason of its approval of such plan.

15. Prior to the commencement of construction by the Purchaser on the Lands, the Purchaser shall pay to the Vendor the Damage Deposit as security for the due performance of the obligations of the Purchaser under Articles 10, 14 and 15 hereof. The Vendor shall refund such payment to the Purchaser after the due performance of such obligations and on written application therefore on the earlier of one (1) year from date of the first occupancy of the residential building constructed on the Lands and receipt of notice from the Purchaser; or immediately following the date which repairs have been assessed by the Vendor. In the event that the Purchaser's obligations as set out in Articles 10 and 14 hereof are not fulfilled, that portion (or all) of the Damage Deposit required to satisfy such obligation shall be forfeited to the Vendor and used by

the Vendor to satisfy such obligations. Any sum paid by the Vendor (to satisfy the obligations of the Purchaser) in excess of the amount of the Damage Deposit shall be owed and paid by the Purchaser to the Vendor on demand. Such sum shall be paid to the Vendor by the Purchaser within thirty (30) days following the date of demand for payment of same and if not paid within such period such excess sum shall bear interest at the rate set out herein.

16. At all times, inclusive of the period when construction is being conducted upon the Lands, the Purchaser agrees to keep the Lands in a neat and tidy condition. The Purchaser agrees to comply with all reasonable requests made by the Vendor in respect of the appearance of the Lands during construction. The Purchaser agrees that all supplies of bricks, lumber, and other building materials shall be stored neatly on the Lands (but not stored on any right of way or easement registered on title to the Lands) and put appropriate erosion control mechanisms in place.

17. The Purchaser and the Vendor acknowledge and agree that the Vendor and/or The City of Calgary may require the placement of mail boxes, fire hydrants, electrical transformers, cable T.V. boxes, telephone boxes, street lighting or other construction or structures or erections to be placed upon or adjacent to the Lands. In furtherance of this clause, the Purchaser shall, on request by the Vendor, execute such further agreements or assurances and take such steps as may be required to give force and effect to this provision.

18. Without limiting the rights granted to the Vendor herein, the Purchaser shall be deemed to be in default in each and every of the following events or any combination thereof:

    (a) upon default in payment of any monies owing under this Agreement; or

    (b) in the event that:

        (i) the Purchaser, or its assignee, shall default in the due observance and performance of any obligation which the Purchaser has undertaken to the Vendor hereunder;

        (ii) a claim for a builders' lien with respect to work performed or material supplied by or on behalf of the Purchaser is filed and is not discharged within thirty (30) days after the registration; or

        (iii) the Purchaser, without the prior written consent of the Vendor, assigns this Agreement, or assigns the interest of the Purchaser in the Lands, or agrees to sell or otherwise dispose of the Lands to any person, firm or corporation, other than a person, firm or corporation who or which have the bona fide intention to construct a residential building on the Lands, and such act or omission is not remedied by the Purchaser within 30 days of written notice to remedy same having been provided by the Vendor.

19. In the event of the default of the Purchaser as set out in subparagraphs 18(a) and (b) above, and the expiry of any period permitted in order to remedy same, the Vendor shall, without limiting its other remedies herein or at law or in equity, be entitled at its option to do any one or more of the following:

    (a) declare the Purchaser's rights under this Agreement determined at an end;

(b) to retain the deposit monies paid to it by the Purchaser as liquidated damages and not as a penalty;

(c) to retain any other sums paid to it by the Purchaser on account of its damages, losses and expenses incurred or suffered by it in excess of the deposit and associated with the Purchaser's default (including legal costs on a solicitor and his own client basis) or associated with any resale of the Lands;

(d) to retain all improvements made on the Lands;

(e) to proceed to sell the Lands; or

(f) to take possession of the Lands and enjoy the same and remove the Purchaser therefrom.

In the event of a resale of the Lands by the Vendor, the Vendor shall account to the Purchaser for any proceeds of sale attributable to improvement upon the Lands constructed by the Purchaser, net of any damages, losses and expenses incurred or suffered by the Vendor in excess of the deposit and associated with the Purchaser's default (including legal costs on a solicitor and his own client basis) or associated with any resale of the Lands. Without limiting any of its other remedies, upon default by the Purchaser, the Vendor may perform or cause to be performed each or any obligation of the Purchaser hereunder, including correction of any work improperly performed or performed in breach of the Architectural Guidelines (as herein defined), any and all expenses resulting therefrom, including an administrative fee equal to 5% of the cost of such corrections to reimburse the Vendor for the cost of providing such services, all of which shall be paid by the Purchaser forthwith upon demand and shall bear interest from the dates such expenses are incurred at the rate set out in Article 3(a) hereof until the Purchaser reimburses the Vendor for such expenses. The Purchaser charges its estate and interest in the Lands as security for the performance of all of the Purchaser's obligations under this Agreement.

20. The Purchaser covenants and agrees that it shall not sell, transfer, assign or otherwise dispose of its interest in the Lands prior to the commencement of construction of a residential building thereon without the written consent of the Vendor, and no sale, transfer, assignment or other disposition of this Agreement shall be valid unless such sale, transfer, assignment or disposition is for the entire interest of the Purchaser and is approved in writing by the Vendor. No agreement or relationship between the Purchaser and any assignee or any other person acquiring title or interest from or through the Purchaser shall preclude the Vendor from the right to transfer and convey the Lands to the Purchaser, unless such assignment is so approved by the Vendor, and this provision shall not in any way be affected or changed by the Vendor receiving payment of any portion of the Purchase Price from any assignee or other person.

21. The failure of the Vendor to enforce the strict performance of any agreement, condition or provision herein contained shall not of itself constitute a waiver of or abrogate such agreement, condition or provision nor shall any waiver of any such agreement, condition or provision be a waiver of any subsequent breach of the same, or any other agreement, condition or provision.

22. The Purchaser acknowledges that it has been informed by the Vendor that certain lots within the subdivision of which the Lands form a part are situated on fill and may require added caution in foundation design and construction, and the Purchaser hereby acknowledges and

agrees that the Vendor shall have no responsibility or liability arising from or in respect of any settlement which may occur on such lots within such subdivision or otherwise arising out of the condition of the soil on the Lands.

23. The Purchaser covenants and agrees to keep the Lands free of weeds. The Purchaser further acknowledges that if it breaches its covenants herein, title to the Lands, which will remain in the name of the Vendor during the term of this Agreement until title is transferred to the Purchaser or a third party, may be subject to a weed control notice filed by The City of Calgary or relevant municipality. In such event, the Purchaser covenants and agrees to forthwith remove the weeds and do all such acts and pay all such costs reasonably necessary in removing the weed control notice from the title to the Lands. In the event the Purchaser does not remove the weeds such that the weed control notice is not removed from the Lands, the Purchaser grants to the Vendor the right to control weeds and to take all steps necessary in order to have the weed control notice removed from title to the Lands and hereby indemnifies the Vendor against all costs, damages and expenses reasonably incurred by the Vendor in doing such act.

24. (a) The Purchaser covenants with and represents and warrants to and in favour of the Vendor that:

(i) it shall not allow any Hazardous Materials, as defined below, to be placed, held, located or disposed of on, under or at the Lands, other than in accordance with applicable laws; and

(ii) it shall not allow the Lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including, without limitation, laws respecting the disposal and emission of Hazardous Materials.

(b) For the purposes of this Agreement, "**Hazardous Materials**" means any hazardous substance or any pollutant or contaminant, toxic or dangerous waste, substance or material.

25. Until such time as the Purchaser makes all payments required to be made under this Agreement and performs all terms and conditions herein contained, the Purchaser shall not, without the written consent of the Vendor first had and obtained, cause, suffer or permit any lien, charge, claim, instrument or encumbrance to appear or remain upon the title to the Lands (excepting a caveat regarding the Purchaser's interest) and the Purchaser shall indemnify and save harmless the Vendor from any liability, costs, loss, claims or expenses which the Vendor may suffer or incur as a result of the default of the Purchaser in respect of the provisions hereof.

26. The Purchaser agrees to comply with the provisions of federal, provincial and municipal law; and the Purchaser shall comply with the provisions of each restrictive covenant and easement registered on title to the Lands.

27. The provisions of this Agreement shall not merge on the registration of the transfer of title to the Lands but shall survive the registration of the transfer of title for a period of six (6) years. If within six (6) years after the date of registration of the transfer of title to the Lands to the Purchaser, the Vendor shall be required by a government authority or bonding company to effect any corrective measure with respect to the subdivision containing the Lands or the Lands themselves, then the Vendor has the right, but not the obligation, at the sole cost and expense

of the Purchaser, within that six (6) year period to enter the Lands for the purpose of effecting such corrective measure without being deemed to have committed a trespass, and the Vendor shall be entitled to access to any portion of the Lands at all times for any such purpose. After completion of a corrective measure, the Vendor shall immediately use reasonable efforts to restore the Lands to the condition of the Lands immediately prior to the corrective measure.

28. This Agreement shall be binding upon and shall enure to the benefit of the patties hereto and their respective successors and permitted assigns, and where the singular is used the same shall be constituted as meaning the plural or in the feminine and masculine where the context so requires.

29. The Purchaser covenants and agrees that any assignment or transfer of the Lands shall be made strictly in accordance with the terms of this Agreement. In the event of any such assignment or transfer unto a subsequent purchaser, the Purchaser covenants and agrees that all terms, covenants and conditions of this Agreement shall be included as a legal and binding obligation of any subsequent purchaser, assignee or transferee and the Purchaser agrees to indemnify and save harmless and hereby indemnifies and saves harmless the Vendor from all costs, expenses and charges of and incidental thereto with reference to any such term, covenant or condition which is not fully complied with and satisfied by the Purchaser in accordance with the terms of this Agreement.

30. If at the time this Agreement is signed, separate title for the Lands has not yet been created through subdivision, then the parties acknowledge that this Agreement is conditional upon the Vendor obtaining the necessary consents and approvals on or before the first anniversary of the date of this Agreement, to permit registration of the Plan of Subdivision so as to create a separate title for the Lands. The Vendor undertakes to use its best efforts to obtain subdivision of that portion of the lands containing the Lands (at its expense) in accordance with the tentative plan provided by the Vendor to the Purchaser. The Purchaser further acknowledges that it is aware of the provisions of Section 95 of the Land Titles Act of Alberta, as the same may be amended from time to time, and the Purchaser hereby expressly and unconditionally waives any rights vested in it to declare or seek to have this Agreement declared void *ab initio*.

31. The Purchaser acknowledges and agrees that there are no representations, warranties, or collateral agreements which exist with reference to the Lands, other than as set out in writing in the Agreement herein. Any variations or amendments shall be set out in writing by the Vendor and the Purchaser.

32. Time shall be of the essence in the Agreement.

33. Each payment required or contemplated by this contract shall be in Canadian Dollars and each payment shall be by bank draft from a Canadian Chartered Bank or by Certified Cheque or by Solicitor's Trust Cheque, as determined by the Vendor.

34. This Agreement shall be subject to and interpreted in accordance with the laws of the Province of Alberta.

35. The Purchaser has agreed to purchase the Lands subject to existing zoning.

36. The Purchaser acknowledges that there are no real estate commissions payable by the Vendor and any such commissions, if payable at all, shall be paid by the Purchaser.

37. The Vendor represents to the Purchaser that it is not a nonresident of Canada within the meaning of Section 116 of the Income Tax Act.

38. In the event a court of ultimate competent jurisdiction were to determine that any clause or clauses herein contained in this Agreement is invalid or enforceable, this Agreement shall remain in full force and effect with the exclusion only of such clause or clauses.

39. The Purchaser covenants and agrees to pay any additional sales, consumption, value added or goods and services taxes (in addition to the G.S.T. referenced in Article 2 hereof) which are or may be imposed by any governmental authority as a consequence of reassessment or otherwise with respect to the sale and purchase hereunder. If the Vendor is required to collect any such taxes from the Purchaser, the Purchaser shall pay such taxes to the Vendor at the same time as the balance of the Purchase Price is paid or when a reassessment is issued, as the case may be.

40. All notices to be given pursuant to the terms of this Agreement shall be delivered to the Vendor or the Purchaser at the addresses as set out herein.

To the Vendor at:

1199032 Alberta Ltd.
_____
Calgary, Alberta _____
Attention: _____
Fax: (____) ____ - _____

To the Purchaser at:

c/o Greenboro Estate Homes (2006) Ltd.
_____
Calgary, Alberta _____
Attention: _____
Fax: (____) ____ - _____

41. The Purchaser acknowledges and agrees that the Vendor may assign its interest in this Agreement to any related body corporate or limited partnership.

42. In the event of any dispute between the Vendor and the Purchaser with respect to the interpretation of any terms of this Agreement or any other matter to which both patties consent to arbitration, it being understood and agreed by the parties that disputes as to any payment obligations of the Purchaser shall not be the subject of arbitration under this Article 42, such dispute may be determined by arbitration by a sole arbitrator, appointed in the following manner:

(a) the Vendor and the Purchaser may appoint an arbitrator jointly agreed upon between them, within seven (7) days of any party notifying the other party that it wishes to determine a matter by arbitration;

(b) if the Vendor and the Purchaser do not jointly appoint an arbitrator within the time limit under the preceding Section 42(a), then either party may apply to a Judge of the Court of Queen's Bench of Alberta to appoint an arbitrator;

(c) the appointment of an arbitrator, except one appointed by a Judge as herein provided, shall be in writing;

(d) the arbitrator shall have the power to obtain the assistance, advice or opinion of such engineer, architect, surveyor, appraiser, evaluator, or other expert as it may think fit and shall have the discretion to act upon any assistance, advice or opinion so obtained;

(e) the arbitration award may include an award of costs and of interest and, notwithstanding the provisions of the *Arbitration Act* (Alberta), the amount of costs shall not be limited to the scale of rates provided in the *Arbitration Act* (Alberta);

(f) each of the parties will do all acts and things and execute all deeds and instruments necessary to give effect to any award made upon any such arbitration;

(g) any arbitrator appointed hereunder shall be independent from any of the parties to this Agreement;

(h) except as otherwise provided herein, such arbitration shall be conducted m accordance with the provisions of the *Arbitration Act* (Alberta); and

(i) all charges, fees and expenses of the Arbitrator shall be borne and paid equally by the parties.

In Witness Whereof the Vendor and the Purchaser have executed this Agreement this ___ day of _____, 2013.

1199032 ALBERTA LTD.

Per: _____

Per: _____ (c/s)

GREENBORO ESTATE HOMES LIMITED PARTNERSHIP, by its general partner, GREENBORO ESTATE HOMES (2006) LTD.

Per: _____

Per: _____ (c/s)

SCHEDULE "A"

PLAN OF SUBDIVISION

SCHEDULE "B"

COURT ORDER

SCHEDULE "C"

LANDS / PHASE 2 LOTS

AGREEMENT FOR PURCHASE AND SALE

BETWEEN:

1199032 ALBERTA LTD., a corporation incorporated under the laws of the Province of Alberta

(the "**Vendor**")

- and -

GREENBORO ESTATE HOMES LIMITED PARTNERSHIP, a limited partnership formed pursuant to the laws of the Province of Alberta, by its general partner, **GREENBORO ESTATE HOMES (2006) LTD.**, a corporation incorporated under the laws of the Province of Alberta

(the "**Purchaser**")

WHEREAS the Vendor is developing a residential subdivision in Calgary, Alberta (herein referred to as "**Mystic Ridge**") a copy of the tentative plan of subdivision for Mystic Ridge being attached hereto as Schedule "A" (the "**Plan of Subdivision**");

AND WHEREAS pursuant to the an order of the Court of Queen's Bench (Judicial District of Alberta) dated March 16, 2012, a copy of which is attached hereto as Schedule "B", the Vendor has been ordered to sell the Phase 3 Lots (as defined below) to the Purchaser;

NOW THEREFORE, in consideration of the mutual covenants herein contained and the payment of the Purchase Price as referenced in this Agreement, the receipt and sufficiency of which are acknowledged by both parties, the parties hereto agree as follows:

1. Subject to Articles 4 and 30 hereof, the Purchaser agrees to buy and the Vendor agrees to sell those lands in The City of Calgary, in Province of Alberta and the 8 lots therein contained as set out in Schedule "C" attached hereto (the "**Phase 3 Lots**" or the "**Lands**" as the context requires).

2. The purchase price payable by the Purchaser to the Vendor for the Lands shall be THREE HUNDRED THOUSAND ($300,000.00) DOLLARS per Phase 3 Lot for an aggregate price of TWO MILLION FOUR HUNDRED THOUSAND ($2,400,000.00) DOLLARS (the "**Purchase Price**"), payable as follows:

   (a) With respect to all Phase 3 Lots as set out in Schedule "C", a 20% deposit, in the sum of FOUR HUNDRED EIGHTY THOUSAND ($480,000.00) DOLLARS to be paid to the Vendor upon execution of this Agreement for Purchase and Sale (the "**Agreement**") by the Purchaser.

   (b) By a further payment by the Purchaser to the Vendor of the balance of the Purchase Price, to be paid ten (10) business days following the date of registration of the Plan of Subdivision (hereinafter referred to as the "**Final Payment Date**") after deduction of the apportioned deposit. In the event that the Purchaser fails to pay to the Vendor the

applicable purchase price on or prior to the Final Payment Date, then provided that the Vendor agrees, at its sole and absolute discretion, to accept late payment of the purchase price, interest shall be paid by the Purchaser to the Vendor in accordance with Section 3(a) as set out below.

The aforesaid Purchase Price does not include Goods and Services Tax ("**GST**") which shall be payable with the final payment due on account of the Purchase Price unless at the time of payment (and prior to the Purchaser obtaining title to the Lands) the Purchaser is a GST registrant and provides to the Vendor a Statutory Declaration issued on or about the Final Payment Date stating its correct and valid GST registration and confirming its continuing GST registration and confirming that the Purchaser is acquiring the Lands on its own behalf and not as agent or trustee for any other person. The Purchaser agrees to indemnify and save harmless the Vendor from and against any and all GST which the Vendor is required to pay relating to this Agreement and the transactions contemplated herein. The term Goods and Services Tax means the Federal Goods and Service Tax as provided in the Excise Tax Act (Canada), as amended from time to time.

3. In addition to the total Purchase Price and such other sum or sums as are contemplated to be paid pursuant to this Agreement for Purchase and Sale, the following sums shall be paid:

   (a) Interest on monies payable but unpaid with reference to Section 2(b) aforesaid shall be payable at a rate of 8 percent over the prime lending rate as determined by The Toronto-Dominion Bank Canada in the City of Calgary in the Province of Alberta (said prime lending rate as referred to aforesaid, shall be the rate determined and announced by the HSBC Bank Canada from time to time and shall hereinafter be referred to as the "**Prime Rate**") until the unconditional payment of the required amount has been made to the Vendor.

   (b) The Purchaser shall pay to the Vendor a damage deposit in the sum of $1,000.00 per Lot (the "**Damage Deposit**"). The Damage Deposit is to be paid in addition to all sum or sums as referred to aforesaid, which Damage Deposit is to be paid in accordance with Article 15.

   (c) Any taxes payable by the Purchaser to the Vendor pursuant to Articles 2 and 39 hereof.

4. The Purchaser acknowledges and agrees that arrangements for the development of the Lands may not be completed at the date hereof and the completion of such arrangements is a condition precedent to the obligation of the Vendor to sell the Lands to the Purchaser, and all amounts paid by the Purchaser to the Vendor pursuant to the terms hereof are paid on the understanding that if this condition precedent is not met, all such amounts shall be refunded by the Vendor, subject to the discharge of all encumbrances, liens, or interests registered against the Lands by the Purchaser or in respect of its interest in the Lands by the Purchaser.

5. The Vendor agrees to grant possession and provide a registrable transfer of the Lands (the "**Transfer of Land**"), subject to the Purchaser first having provided the Vendor with:

   (a) unconditional payment of the Purchase Price, together with interest and other adjustments all as contemplated by the terms of this Agreement; and

(b) if appropriate, a Damage Deposit in accordance with Article 15 hereof.

The Purchaser shall bear all costs relating to the registration of the Transfer of Land and the transfer of title to the Lands.

6. Title to the Lands shall be free and clear of all restrictions, charges and encumbrances except for:

(a) the terms of the Architectural Guidelines described in Article 14 of this Agreement, which may be registered by way of Restrictive Covenant;

(b) the conditions, reservations and exceptions contained in the original grant from the Crown;

(c) such building schemes, restrictive covenants, caveats, encumbrances, rights of way or easements, which may be registered pursuant to, or arising out of, the Vendor's Development Agreement (herein referred to as the "**Development Agreement**") with The City of Calgary, relating to Mystic Ridge containing the Lands, or pursuant to any land use bylaws, or registered by the Vendor with respect to its rights under this Agreement;

(d) such further restrictive covenants, caveats, rights of way or easements as may be related to the Lands with respect to airport or flight path restrictions or regulations, or as may be reasonably necessary, in the opinion of the Vendor, for access, drainage or to install utilities and services, or in respect of mailboxes, fire hydrants, electrical transformers, cable T.V. boxes, telephone boxes or street lighting or which are or were incidental to the subdivision or development of Mystic Ridge within which the Lands are located;

(e) such encumbrances and rent charges in favour of any utility provider in connection with the services to be provided by it in connection with the Lands;

(f) such financial charges or encumbrances which may be registered against the interest of the Vendor in the Lands with the Vendor's consent and which the Vendor undertakes to discharge from the Title to the Lands within a reasonable period of time from the closing; and

(g) any charges and encumbrances created by, or through, the Purchaser.

7. Taxes, rates, insurance, and all matters of usual adjustment shall be adjusted between the Vendor and the Purchaser as at the date that the Plan of Subdivision with reference to the Lands located in Mystic Ridge has been registered. In the event that the Vendor is required or desires to obtain a clear municipal tax certificate, the Purchaser hereby indemnifies the Vendor against all costs, charges, and expenses incurred by the Vendor with respect to obtaining such tax certificate and such sum or sums shall be paid by the Purchaser to the Vendor within thirty (30) days from the date the Vendor advises the Purchaser that said payment has been made.

8. At any time at which the Vendor is the owner of the Lands, the Purchaser covenants and agrees that it will not permit any Builder's Lien in respect of work done or materials or services supplied at the request of the Purchaser or any of its contractors or subcontractors or anyone

thereunder, to be filed against title to any lands within Mystic Ridge or against the title to the Lands, nor at any time allow any such Builder's Lien to remain on any such title for more than 30 days following any such Builder's Lien being registered. The Purchaser agrees to indemnify and save harmless the Vendor from all losses, costs (including legal costs on a solicitor and his own client bases), charges and expenses which the Vendor may suffer as a result of a breach of this provision.

9. The Purchaser shall grade that portion of the Lands abutting any reserve lands, streets, lanes, walkways, parks and other land or lands subject to easements for drainage and walkways purposes so as to comply with the grade plan or direction (including construction of retaining walls) approved by the engineer of or designated by The City of Calgary, or if such a slope plan or direction has not been approved, the Purchaser shall grade the Lands as directed by the Vendor or its engineering advisor. In the event that the Purchaser does not comply with this provision, the Vendor shall be entitled to carry out the obligations of the Purchaser hereunder and the Purchaser shall pay to the Vendor forthwith on receipt of invoices therefore the costs of all such grading which the Vendor shall carry out, or any retaining wall which the Vendor shall construct in lieu thereof, and any other action or work taken by the Vendor to remedy any default of the Purchaser in carrying out the plan or direction of such engineer, and which grading, construction or action of the Vendor shall be done or taken in the exercise of the reasonable discretion of the Vendor in order to comply with such plan or direction, or to satisfy any other obligation arising from such plan or direction. The Purchaser hereby grants to the Vendor an irrevocable license from the date hereof until such date as The City of Calgary has issued the final acceptance certificates in respect of the subdivision in which the Lands are located, to enter upon the Lands for the purposes of performing any work which may be required by The City of Calgary for the issuance of such certificates, and, in particular, to cause the grading and further drainage of Lands, including any drainage sewers to comply with the requirements of The City of Calgary.

10. The Purchaser shall take good care of each public utility, improvement, road and sidewalk that is located in the subdivision in which the Lands are located. The Purchaser shall be responsible and agrees to indemnify and save harmless and hereby indemnifies and saves harmless the Vendor for the cost of locating and replacing or repairing damage occasioned to any tree, water line, storm sewer, sanitary sewer, grades, curb, sidewalk, hydrant, water valve, storm sewer connection, sanitary sewer connection, electric cable, transformer, telephone line, cable television line and other services related to the Lands, and for repairing, refilling, removing and re-grading any road where the road has been damaged or where earth or any other foreign matter has been deposited on a road in the subdivision if, in the opinion of the Vendor (acting reasonably), such cost has been incurred by reason of any action or negligence of the Purchaser or any person or persons for whom the Purchaser is responsible. The Purchaser shall also indemnify and hereby agrees to indemnify the Vendor against the costs of all repairs which the Vendor shall be required to make in order to obtain any intermediate approval, final approval, or acceptance of any utilities and services by the local authority in which the Lands are located, or its authorized agent. In the event that the Vendor is unable to determine the party causing any of the damage referenced above, the Purchaser agrees that the Vendor may assess the cost of such repairs amongst those parties building homes in the subdivision in such percentages as the Vendor may reasonably determine.

11. The Purchaser acknowledges and agrees that it is the prime contractor within the meaning of the *Occupational Health and Safety Act* (Alberta) and the Purchaser undertakes to carry out the duties and responsibilities of the prime contractor with respect to all work performed on the Lands, and as far as it pertains to the building of the residence on the Lands, excluding work performed by contractors, consultants or utility companies on behalf of the Vendor. The Purchaser shall indemnify and hold harmless the Vendor from any liability for claims, damages or penalties, including legal fees on a solicitor and his own client basis, to defend any prosecutions or civil actions arising from the Purchaser's failure to comply with the duties, responsibilities and obligations of the prime contractor under the Occupational Health and Safety Act (Alberta) or any other relevant legislation.

12. The Purchaser shall indemnify and save the Vendor harmless from and against all claims, demands, proceedings, actions, damages, costs and expenses which may be made or brought or incurred against the Vendor howsoever or which the Vendor may sustain, incur, be put to or liable for, either directly or indirectly, by reason of construction or the performance of any other work on or in connection with the Lands by the Purchaser or any subsequent purchaser or any contractor, servant, agent or workman of the Purchaser or any subsequent purchaser or any other person or persons entering upon the Lands. It is further understood and agreed that the Vendor shall not be liable in respect of any claims, demands, actions or proceedings which may be made or brought against the Purchaser or any subsequent purchaser arising out of or in any way related to the Purchaser's or any subsequent purchasers' use or occupation of the Lands, inclusive of but not limited to the construction or performance of any work thereon. The Purchaser shall, upon demand, provide proof of public liability insurance in a form, substance and amount satisfactory to the Vendor.

13. The Vendor has or shall furnish all material and do all the work necessary to install those utilities and services required to be installed pursuant to the terms of any Development Agreement(s) entered into between the Vendor and The City of Calgary, provided that the Vendor shall not be responsible or liable in any manner for delays in completion, or failure to complete the furnishing of any materials or the doing of any work provided for in this clause due to shortages of material or labour, strikes, or any other cause beyond the control of the Vendor.

14. The Purchaser covenants and agrees not to construct any residential building or other building or fence, screen, retaining wall, erection or other improvement of any kind on the Lands other than in accordance with the development guidelines issued by the Vendor (which development guidelines shall hereinafter be referred to as the "**Architectural Guidelines**") and the Purchaser shall not apply for a building permit for the construction of a residential building on the Lands until a plan indicating the site of the residential building, grade elevation and exterior appearance including finishing and colour, and landscaping details has been approved in writing by the Vendor in accordance with the Architectural Guidelines, provided that the Vendor shall have no responsibility or liability by reason of its approval of such plan.

15. Prior to the commencement of construction by the Purchaser on the Lands, the Purchaser shall pay to the Vendor the Damage Deposit as security for the due performance of the obligations of the Purchaser under Articles 10, 14 and 15 hereof. The Vendor shall refund such payment to the Purchaser after the due performance of such obligations and on written application therefore on the earlier of one (1) year from date of the first occupancy of the residential building constructed on the Lands and receipt of notice from the Purchaser; or immediately following the

date which repairs have been assessed by the Vendor. In the event that the Purchaser's obligations as set out in Articles 10 and 14 hereof are not fulfilled, that portion (or all) of the Damage Deposit required to satisfy such obligation shall be forfeited to the Vendor and used by the Vendor to satisfy such obligations. Any sum paid by the Vendor (to satisfy the obligations of the Purchaser) in excess of the amount of the Damage Deposit shall be owed and paid by the Purchaser to the Vendor on demand. Such sum shall be paid to the Vendor by the Purchaser within thirty (30) days following the date of demand for payment of same and if not paid within such period such excess sum shall bear interest at the rate set out herein.

16. At all times, inclusive of the period when construction is being conducted upon the Lands, the Purchaser agrees to keep the Lands in a neat and tidy condition. The Purchaser agrees to comply with all reasonable requests made by the Vendor in respect of the appearance of the Lands during construction. The Purchaser agrees that all supplies of bricks, lumber, and other building materials shall be stored neatly on the Lands (but not stored on any right of way or easement registered on title to the Lands) and put appropriate erosion control mechanisms in place.

17. The Purchaser and the Vendor acknowledge and agree that the Vendor and/or The City of Calgary may require the placement of mail boxes, fire hydrants, electrical transformers, cable T.V. boxes, telephone boxes, street lighting or other construction or structures or erections to be placed upon or adjacent to the Lands. In furtherance of this clause, the Purchaser shall, on request by the Vendor, execute such further agreements or assurances and take such steps as may be required to give force and effect to this provision.

18. Without limiting the rights granted to the Vendor herein, the Purchaser shall be deemed to be in default in each and every of the following events or any combination thereof:

    (a) upon default in payment of any monies owing under this Agreement; or

    (b) in the event that:

        (i) the Purchaser, or its assignee, shall default in the due observance and performance of any obligation which the Purchaser has undertaken to the Vendor hereunder;

        (ii) a claim for a builders' lien with respect to work performed or material supplied by or on behalf of the Purchaser is filed and is not discharged within thirty (30) days after the registration; or

        (iii) the Purchaser, without the prior written consent of the Vendor, assigns this Agreement, or assigns the interest of the Purchaser in the Lands, or agrees to sell or otherwise dispose of the Lands to any person, firm or corporation, other than a person, firm or corporation who or which have the bona fide intention to construct a residential building on the Lands, and such act or omission is not remedied by the Purchaser within 30 days of written notice to remedy same having been provided by the Vendor.

19. In the event of the default of the Purchaser as set out in subparagraphs 18(a) and (b) above, and the expiry of any period permitted in order to remedy same, the Vendor shall, without limiting

its other remedies herein or at law or in equity, be entitled at its option to do any one or more of the following:

(a) declare the Purchaser's rights under this Agreement determined at an end;

(b) to retain the deposit monies paid to it by the Purchaser as liquidated damages and not as a penalty;

(c) to retain any other sums paid to it by the Purchaser on account of its damages, losses and expenses incurred or suffered by it in excess of the deposit and associated with the Purchaser's default (including legal costs on a solicitor and his own client basis) or associated with any resale of the Lands;

(d) to retain all improvements made on the Lands;

(e) to proceed to sell the Lands; or

(f) to take possession of the Lands and enjoy the same and remove the Purchaser therefrom.

In the event of a resale of the Lands by the Vendor, the Vendor shall account to the Purchaser for any proceeds of sale attributable to improvement upon the Lands constructed by the Purchaser, net of any damages, losses and expenses incurred or suffered by the Vendor in excess of the deposit and associated with the Purchaser's default (including legal costs on a solicitor and his own client basis) or associated with any resale of the Lands. Without limiting any of its other remedies, upon default by the Purchaser, the Vendor may perform or cause to be performed each or any obligation of the Purchaser hereunder, including correction of any work improperly performed or performed in breach of the Architectural Guidelines (as herein defined), any and all expenses resulting therefrom, including an administrative fee equal to 5% of the cost of such corrections to reimburse the Vendor for the cost of providing such services, all of which shall be paid by the Purchaser forthwith upon demand and shall bear interest from the dates such expenses are incurred at the rate set out in Article 3(a) hereof until the Purchaser reimburses the Vendor for such expenses. The Purchaser charges its estate and interest in the Lands as security for the performance of all of the Purchaser's obligations under this Agreement.

20. The Purchaser covenants and agrees that it shall not sell, transfer, assign or otherwise dispose of its interest in the Lands prior to the commencement of construction of a residential building thereon without the written consent of the Vendor, and no sale, transfer, assignment or other disposition of this Agreement shall be valid unless such sale, transfer, assignment or disposition is for the entire interest of the Purchaser and is approved in writing by the Vendor. No agreement or relationship between the Purchaser and any assignee or any other person acquiring title or interest from or through the Purchaser shall preclude the Vendor from the right to transfer and convey the Lands to the Purchaser, unless such assignment is so approved by the Vendor, and this provision shall not in any way be affected or changed by the Vendor receiving payment of any portion of the Purchase Price from any assignee or other person.

21. The failure of the Vendor to enforce the strict performance of any agreement, condition or provision herein contained shall not of itself constitute a waiver of or abrogate such agreement,

condition or provision nor shall any waiver of any such agreement, condition or provision be a waiver of any subsequent breach of the same, or any other agreement, condition or provision.

22. The Purchaser acknowledges that it has been informed by the Vendor that certain lots within the subdivision of which the Lands form a part are situated on fill and may require added caution in foundation design and construction, and the Purchaser hereby acknowledges and agrees that the Vendor shall have no responsibility or liability arising from or in respect of any settlement which may occur on such lots within such subdivision or otherwise arising out of the condition of the soil on the Lands.

23. The Purchaser covenants and agrees to keep the Lands free of weeds. The Purchaser further acknowledges that if it breaches its covenants herein, title to the Lands, which will remain in the name of the Vendor during the term of this Agreement until title is transferred to the Purchaser or a third party, may be subject to a weed control notice filed by The City of Calgary or relevant municipality. In such event, the Purchaser covenants and agrees to forthwith remove the weeds and do all such acts and pay all such costs reasonably necessary in removing the weed control notice from the title to the Lands. In the event the Purchaser does not remove the weeds such that the weed control notice is not removed from the Lands, the Purchaser grants to the Vendor the right to control weeds and to take all steps necessary in order to have the weed control notice removed from title to the Lands and hereby indemnifies the Vendor against all costs, damages and expenses reasonably incurred by the Vendor in doing such act.

24. (a) The Purchaser covenants with and represents and warrants to and in favour of the Vendor that:

(i) it shall not allow any Hazardous Materials, as defined below, to be placed, held, located or disposed of on, under or at the Lands, other than in accordance with applicable laws; and

(ii) it shall not allow the Lands to be utilized in any manner in contravention of any applicable laws intended to protect the environment, including, without limitation, laws respecting the disposal and emission of Hazardous Materials.

(b) For the purposes of this Agreement, "**Hazardous Materials**" means any hazardous substance or any pollutant or contaminant, toxic or dangerous waste, substance or material.

25. Until such time as the Purchaser makes all payments required to be made under this Agreement and performs all terms and conditions herein contained, the Purchaser shall not, without the written consent of the Vendor first had and obtained, cause, suffer or permit any lien, charge, claim, instrument or encumbrance to appear or remain upon the title to the Lands (excepting a caveat regarding the Purchaser's interest) and the Purchaser shall indemnify and save harmless the Vendor from any liability, costs, loss, claims or expenses which the Vendor may suffer or incur as a result of the default of the Purchaser in respect of the provisions hereof.

26. The Purchaser agrees to comply with the provisions of federal, provincial and municipal law; and the Purchaser shall comply with the provisions of each restrictive covenant and easement registered on title to the Lands.

27. The provisions of this Agreement shall not merge on the registration of the transfer of title to the Lands but shall survive the registration of the transfer of title for a period of six (6) years. If within six (6) years after the date of registration of the transfer of title to the Lands to the Purchaser, the Vendor shall be required by a government authority or bonding company to effect any corrective measure with respect to the subdivision containing the Lands or the Lands themselves, then the Vendor has the right, but not the obligation, at the sole cost and expense of the Purchaser, within that six (6) year period to enter the Lands for the purpose of effecting such corrective measure without being deemed to have committed a trespass, and the Vendor shall be entitled to access to any portion of the Lands at all times for any such purpose. After completion of a corrective measure, the Vendor shall immediately use reasonable efforts to restore the Lands to the condition of the Lands immediately prior to the corrective measure.

28. This Agreement shall be binding upon and shall enure to the benefit of the patties hereto and their respective successors and permitted assigns, and where the singular is used the same shall be constituted as meaning the plural or in the feminine and masculine where the context so requires.

29. The Purchaser covenants and agrees that any assignment or transfer of the Lands shall be made strictly in accordance with the terms of this Agreement. In the event of any such assignment or transfer unto a subsequent purchaser, the Purchaser covenants and agrees that all terms, covenants and conditions of this Agreement shall be included as a legal and binding obligation of any subsequent purchaser, assignee or transferee and the Purchaser agrees to indemnify and save harmless and hereby indemnifies and saves harmless the Vendor from all costs, expenses and charges of and incidental thereto with reference to any such term, covenant or condition which is not fully complied with and satisfied by the Purchaser in accordance with the terms of this Agreement.

30. If at the time this Agreement is signed, separate title for the Lands has not yet been created through subdivision, then the parties acknowledge that this Agreement is conditional upon the Vendor obtaining the necessary consents and approvals on or before the first anniversary of the date of this Agreement, to permit registration of the Plan of Subdivision so as to create a separate title for the Lands. The Vendor undertakes to use its best efforts to obtain subdivision of that portion of the lands containing the Lands (at its expense) in accordance with the tentative plan provided by the Vendor to the Purchaser. The Purchaser further acknowledges that it is aware of the provisions of Section 95 of the Land Titles Act of Alberta, as the same may be amended from time to time, and the Purchaser hereby expressly and unconditionally waives any rights vested in it to declare or seek to have this Agreement declared void *ab initio*.

31. The Purchaser acknowledges and agrees that there are no representations, warranties, or collateral agreements which exist with reference to the Lands, other than as set out in writing in the Agreement herein. Any variations or amendments shall be set out in writing by the Vendor and the Purchaser.

32. Time shall be of the essence in the Agreement.

33. Each payment required or contemplated by this contract shall be in Canadian Dollars and each payment shall be by bank draft from a Canadian Chartered Bank or by Certified Cheque or by Solicitor's Trust Cheque, as determined by the Vendor.

34. This Agreement shall be subject to and interpreted in accordance with the laws of the Province of Alberta.

35. The Purchaser has agreed to purchase the Lands subject to existing zoning.

36. The Purchaser acknowledges that there are no real estate commissions payable by the Vendor and any such commissions, if payable at all, shall be paid by the Purchaser.

37. The Vendor represents to the Purchaser that it is not a nonresident of Canada within the meaning of Section 116 of the Income Tax Act.

38. In the event a court of ultimate competent jurisdiction were to determine that any clause or clauses herein contained in this Agreement is invalid or enforceable, this Agreement shall remain in full force and effect with the exclusion only of such clause or clauses.

39. The Purchaser covenants and agrees to pay any additional sales, consumption, value added or goods and services taxes (in addition to the G.S.T. referenced in Article 2 hereof) which are or may be imposed by any governmental authority as a consequence of reassessment or otherwise with respect to the sale and purchase hereunder. If the Vendor is required to collect any such taxes from the Purchaser, the Purchaser shall pay such taxes to the Vendor at the same time as the balance of the Purchase Price is paid or when a reassessment is issued, as the case may be.

40. All notices to be given pursuant to the terms of this Agreement shall be delivered to the Vendor or the Purchaser at the addresses as set out herein.

To the Vendor at:

1199032 Alberta Ltd.
_____
Calgary, Alberta _____
Attention: _____
Fax: (____) ____ - _____

To the Purchaser at:

c/o Greenboro Estate Homes (2006) Ltd.
_____
Calgary, Alberta _____
Attention: _____
Fax: (____) ____ - _____

41. The Purchaser acknowledges and agrees that the Vendor may assign its interest in this Agreement to any related body corporate or limited partnership.

42. In the event of any dispute between the Vendor and the Purchaser with respect to the interpretation of any terms of this Agreement or any other matter to which both patties consent to arbitration, it being understood and agreed by the parties that disputes as to any payment obligations of the Purchaser shall not be the subject of arbitration under this Article 42, such

dispute may be determined by arbitration by a sole arbitrator, appointed in the following manner:

(a) the Vendor and the Purchaser may appoint an arbitrator jointly agreed upon between them, within seven (7) days of any party notifying the other party that it wishes to determine a matter by arbitration;

(b) if the Vendor and the Purchaser do not jointly appoint an arbitrator within the time limit under the preceding Section 42(a), then either party may apply to a Judge of the Court of Queen's Bench of Alberta to appoint an arbitrator;

(c) the appointment of an arbitrator, except one appointed by a Judge as herein provided, shall be in writing;

(d) the arbitrator shall have the power to obtain the assistance, advice or opinion of such engineer, architect, surveyor, appraiser, evaluator, or other expert as it may think fit and shall have the discretion to act upon any assistance, advice or opinion so obtained;

(e) the arbitration award may include an award of costs and of interest and, notwithstanding the provisions of the *Arbitration Act* (Alberta), the amount of costs shall not be limited to the scale of rates provided in the *Arbitration Act* (Alberta);

(f) each of the parties will do all acts and things and execute all deeds and instruments necessary to give effect to any award made upon any such arbitration;

(g) any arbitrator appointed hereunder shall be independent from any of the parties to this Agreement;

(h) except as otherwise provided herein, such arbitration shall be conducted m accordance with the provisions of the *Arbitration Act* (Alberta); and

(i) all charges, fees and expenses of the Arbitrator shall be borne and paid equally by the parties.

In Witness Whereof the Vendor and the Purchaser have executed this Agreement this ___ day of _____, 2013.

1199032 ALBERTA LTD.

Per: _____

Per: _____ (c/s)

GREENBORO ESTATE HOMES LIMITED PARTNERSHIP, by its general partner, GREENBORO ESTATE HOMES (2006) LTD.

Per: _____

Per: _____ (c/s)

SCHEDULE "A"

PLAN OF SUBDIVISION

SCHEDULE "B"

COURT ORDER

SCHEDULE "C"

LANDS / PHASE 3 LOTS

Exhibit "5"

THIS IS EXHIBIT "5"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

MYSTIC RIDGE DEVELOPMENT FINANCING

MASTER TERM SHEET OF SECURED CREDIT FACILITIES

SUMMARY OF TERMS AND CONDITIONS

This summary of terms and conditions is for reference purposes only and should not be considered exhaustive or conclusive as to the terms and conditions which govern the credit facilities herein. All dollar amounts are in Canadian dollars unless expressly stated otherwise.

BORROWERS:	1199032 Alberta Ltd. ("**1199**")
	Greenboro Estate Homes Limited Partnership, by its general partner, Greenboro Estate Homes (2006) Ltd. ("**GBLP**")
GUARANTORS:	UBG Land Limited Partnership, by its general partner, UBG Land Inc. ("**UBG Land**")
	GBLP (as indicated)
LENDER:	The Toronto-Dominion Bank (the "**Lender**")
	CREDIT FACILITIES
FACILITY 1:	$11,350,000 non-revolving demand credit facility provided by the Lender to 1199 and a separate Canadian letter of credit facility up to $550,000 (collectively, the "**Development Facility**") for the purpose of: (a) repaying mortgages encumbering the Richards Lands; (b) financing the development costs of Phases II and III, available on the terms and subject to the conditions set out in Schedule 1 hereto; and (c) posting the requisite letters of credit to develop Phases II and III.
CONDITIONS PRECEDENT TO CLOSING AND INITIAL DRAWDOWN OF FACILITY 1:	Upon completion of all documentation and satisfaction of conditions precedent set out in Schedule 1 hereto, including the Approval Order being granted and release of all security and liens by the prior lenders.
FACILITY 2:	$18,800,000 committed non-revolving demand credit facility provided by the Lender to GBLP, which includes an interim construction loan, a serviced lot line, and bridge operating line of up to $250,000 (collectively, the "**Construction Facility**") for the purpose of enabling GBLP to acquire lots in Phases II and III and begin construction of homes in Phases II and III, available on the terms and subject to the conditions set out in Schedule 2 hereto.
CONDITIONS PRECEDENT TO CLOSING AND INITIAL DRAWDOWN OF FACILITY 2:	Upon: a) drawdown of the Development Facility; and b) completion of all documentation and satisfaction of conditions precedent set out in Schedule 2 hereto, including the Approval Order being granted.
FACILITY 3:	Restatement of existing facilities to ensure cross-collateralization and arrange for various items related to GBLP's emergence from its CCAA Proceedings (the "**Emergence Facility**").

CONDITIONS PRECEDENT TO CLOSING AND INITIAL DRAWDOWN OF FACILITY 3:

Upon:

a) release of all security and liens by the prior lenders;

b) drawdown of the Development Facility;

c) GBLP's emergence from its CCAA Proceedings;

d) drawdown of the Construction Facility; and

e) completion of all documentation and satisfaction of conditions precedent set out in Schedule 3 hereto, including the Approval Order being granted.

INCREASED COSTS:

Documentation will include usual and customary provisions requiring the Borrowers to reimburse the Lender for any increased costs (including costs of complying with capital adequacy guidelines) which are incurred as a result of regulatory changes announced subsequent to the signing date of this Term Sheet, the credit agreements and all security documents referenced herein.

EXPENSES:

The Borrowers shall pay all reasonable fees (including but not limited to all reasonable documentation fees and legal fees on a solicitor-client full indemnity basis) and expenses incurred by the Lender in connection with the preparation, negotiation, settlement, amendment, waiver and interpretation of this Term Sheet, the Mystic Ridge Facility, the Emergence Facility, credit agreements and security documents, the Lender's due diligence, as well as the expenses of the Lender in connection with the enforcement of its rights, whether or not this Term Sheet or the credit agreements and security documents are executed or any amounts are advanced.

GOVERNING LAW:

The laws of the Province of Alberta and of Canada applicable therein.

ASSIGNMENT:

The Borrowers shall not assign any of their respective rights or obligations hereunder without the prior written consent of the Lender, which consent may be withheld, conditioned or delayed in the sole discretion of the Lender.

DEFINITIONS:

Except where otherwise defined herein, all capitalized terms shall have the following meanings.

1. "**Approval Order**" means an Order which: (i) approves this Term Sheet, (ii) authorizes GBLP and UBG Land execute, deliver, and perform the terms and conditions of this Term Sheet, (iii) grants such CCAA Charges as are contemplated in this Term Sheet, (iv) approves the form of purchase agreement contemplated by the Prowse Order, (v) declares that Caleron Properties Ltd. is stayed from exercising its option to acquire UBG's Interest in 1199 and any lands owned by 1199 (including for certainty, Phases II and III), and (vi) is otherwise acceptable to the Lender and the Borrowers.

2. "**Borrower's Costs**" means an amount payable to GBLP for its immediate use to cover its operational and restructuring costs,

in an amount equal to 4% of the gross proceeds of sale of a home, less any amounts advanced by the Lender in respect of Payroll up to a maximum of 2% of the gross proceeds of sale of a home.

3. "**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

4. "**CCAA Charge**" means an Order granting a charge over certain specified property in priority to all security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, except such interests as are expressly stated to be in priority to such charge.

5. "**CCAA Proceedings**" means the proceedings brought by UBG Land, GBLP, and others pursuant to the provisions of the CCAA in action #1201-05843.

6. "**Closing Costs**" has the same meaning as such term is used in connection with the Lender's Existing CCAA Charge.

7. "**Court**" means the Court of Queen's Bench of Alberta in the Judicial District of Calgary presiding over the CCAA Proceedings.

8. "**Greenboro Facility**" means the credit facility granted by the Lender in favour of GBLP pursuant to a Credit Facility Letter, dated October 31, 2006, as amended from time to time.

9. "**Lender's Existing CCAA Charge**" means the CCAA Charge granted over all of GBLP's undertaking, property, and assets in favour of the Lender on September 14, 2012, subject to the exceptions to such CCAA Charge permitted thereby.

10. "**Models**" means the financial models prepared by GBLP and the Monitor that project, and provide actual performance of, GBLP's single family home inventory, revenues and expenditures provided to and approved by the Lender from time to time.

11. "**Monitor**" means Ernst & Young Inc., in its capacity as Monitor in the CCAA Proceedings.

12. "**Montreux JV**" means the joint venture among UBG Land (successor in to UBG Alberta Builders Inc.), Caleron Properties Ltd. and Ronald Slater, dated February 27, 2006.

13. "**Mystic Ridge Facility**" means collectively, the Development Facility and the Construction Facility.

14. "**Order**" means an order granted by the Court which is not subject to any stay or other impediment to execution.

15. "**Payroll**" means (i) all compensation payable to employees of

GBLP, including without limitation, all salaries, wages, bonus, expense reimbursements, benefits, vacation pay, and related source deductions, and (ii) all direct overhead costs associated with the operation of GBLP.

16. "**Plan**" means a plan of compromise or arrangement (or equivalent relief) filed in the CCAA Proceedings in respect of at least GBLP's general partner, on behalf of itself and GBLP, that: (i) has been approved by the requisite majority of affected creditors, (ii) has received a sanction Order, (iii) treats the Lender as an unaffected creditor in all respects, (iv) provides for the emergence from the CCAA Proceedings of GBLP, its general partner, and their respective equity holders, and (v) is otherwise acceptable to both the Lender and GBLP.

17. "**Plan Implementation**" means all conditions precedent to the implementation of the Plan have been fulfilled or waived.

18. "**Phases II and III**" means phases II and III of the residential development known as *Mystic Ridge*, including the Richard Lands and the Wanklyn Lands.

19. "**Prowse Order**" means the order granted by Master J.T. Prowse, Q.C. on March 16, 2012, in action # 1001-18715, in the Court of Queen's Bench of Alberta, Judicial District of Calgary.

20. "**Richards Lands**" means the lands legally described as:

    PLAN 971 2004, BLOCK D, LOT 18
    EXCEPTING THEREOUT PLAN 091 4947
    EXCEPTING THEREOUT ALL MINES AND MINERALS

21. "**Term Sheet**" means this Master Term Sheet of Secured Credit Facilities and includes all of the term sheets referenced herein and, for further clarity, includes the term sheets related to the Development Facility, the Construction Facility and the Emergence Facility as an integrated group without deletion, amendment, or substitution of any of these facilities except with the express written consent of the Lender and the Borrowers.

22. "**UBG's Interests in 1199**" means all of UBG Land's right, title and interest in and to 1199, including without limitation: (i) all legal and beneficial interest it holds in the capital stock of 1199, and (ii) all legal and beneficial interest it holds in the Montreux JV (including, without limitation, all proceeds UBG Land is entitled to receive from Phase I of Mystic Ridge as set forth in the Wilkins Order); but subject to the sum of $500,000, which amount shall be payable by UBG in respect of its restructuring costs in the CCAA Proceedings.

23. "**Wanklyn Lands**" means the lands legally described as:

PLAN 3530 AK, BLOCK D, LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 3530 AK, BLOCK D, LOTS 2 TO 4
EXCEPTING (OUT OF LOTS 3 AND 4)
CONDOMINIUM PLAN 091 1345
EXCEPTING THEREOUT ALL MINES AND MINERALS

24. "**Wilkins Order**" means the order granted by the Honourable Justice L.D. Wilkins on February 1, 2010, in action # 0901-05165, in the Court of Queen's Bench of Alberta, Judicial Centre of Calgary.

We hereby acknowledge the draft terms and conditions set out above and in the Schedules attached hereto and understand and agree that this term sheet does not constitute a formal or committed offer of financing by the Lender and that the terms and conditions may be amended, changed, or the credit declined in the credit approval process. We authorize the Lender to engage its solicitor immediately to prepare and register all security as outlined herein.

UBG LAND INC. on its own behalf and as general partner for UBG LAND LIMITED PARTNERSHIP

Per: Tom Chisholm
Name: TOM CHISHOLM
Title: President + CEO Unity Builders

1199032 ALBERTA LTD.

Per: _____
Name:
Title:

GREENBORO ESTATE HOMES (2006) LTD. on its own behalf and as general partner for GREENBORO ESTATE HOMES LIMITED PARTNERSHIP

Per: Tom Chisholm
Name: President . TOM CHISHOLM
Title:

THE TORONTO-DOMINION BANK

Per: _____
Name:
Title:

Riccardo Del Greco
Manager Commercial Services
Real Estate Group

PLAN 3530 AK, BLOCK D, LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS

PLAN 3530 AK, BLOCK D, LOTS 2 TO 4
EXCEPTING (OUT OF LOTS 3 AND 4)
CONDOMINIUM PLAN 091 1345
EXCEPTING THEREOUT ALL MINES AND MINERALS

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UBG LAND INC. on its own behalf and as general partner for UBG LAND LIMITED PARTNERSHIP

Per: _____
Name:
Title:

1199032 ALBERTA LTD.

Per: _____
Name:
Title:

GREENBORO ESTATE HOMES (2006) LTD. on its own behalf and as general partner for GREENBORO ESTATE HOMES LIMITED PARTNERSHIP

Per: _____
Name:
Title:

THE TORONTO-DOMINION BANK

Per: _____
Name:
Title:

Riccardo Del Greco
Manager Commercial Services
Real Estate Group

SCHEDULE 1 – DEVELOPMENT FACILITY – TERMS:

BORROWER:	1199	
GUARANTORS:	GBLP and UBG Land	
CREDIT FACILITIES:	1.	$1,200,000 committed non-revolving demand credit facility (the "**Refinancing Loan**")
	2.	Land Development Loan of $10,150,000 (the "**Land Development Loan**")
	3.	Letters of Credit (LCs) of $550,000
PURPOSE:	1.	Repayment of mortgages in favour of Provident Mortgage Corp. and Neufeld Capital Inc. encumbering the Richards Lands.
	2.	To finance development costs of Phases II and III, including any taxes payable on such lands.
	3.	To provide supporting LCs for the project as and when required.
INTEREST RATES:	1.	Prime Rate + 1.50%
	2.	Prime Rate + 1.50%
	3.	1.25% per annum payable in advance
FEES:	1.	Application Fee: $63,000. The fee is payable upon initial drawdown under the Land Development Loan.
	2.	Renewal Fee: 0.5% of total remaining authorization under Land Development Loan paid annually commencing on the first anniversary of the Development Closing.
	3.	Credit Amendment Fee: Any request to amend the terms or conditions of these credit facilities after formal approval of the facilities is subject to a minimum fee of $1,000 per request.
	4.	Site Visit Fee: $250/visit
AVAILABILITY:	1.	Refinancing Loan - Available by way of a single Prime Rate loan in Canadian dollars, subject to disbursement conditions. Funds shall be made available by a single direct advance to the Lender's solicitors and shall be subject to reasonable trust conditions imposed by the Lender's solicitors.
	2.	Land Development Loan - Available by way of a single Prime Rate loan in Canadian dollars, subject to disbursement conditions.
		Drawdown will be against monthly draw requests prepared and reviewed by United Communities (acting as the development manager) and supported by:

a) trial balance confirming hard and soft costs;
b) budget showing original budget, revised budget, costs to date and costs to complete;

c) list of accounts payable, holdbacks;

d) compliance certificate signed by 1199 confirming compliance with the *Builders' Lien Act* (Alberta), all applicable tax legislation, and the terms and conditions herein;

e) subsearches (to be ordered by the Lender); and

f) evidence of payment of United Communities' invoices.

3. Letter of Credit - As required by 1199 and subject to disbursement conditions.

REPAYMENT: On demand. In absence of demand, in accordance with the following.

1. The Land Development Loan and the Refinance Loan are to be repaid from proceeds of the Construction Facility in accordance with Drawdown Conditions for the serviced lot line in the Construction Facility. The Land Development Loan and the Refinance Loan shall not be repaid expect as provided herein. After the repayment of the Refinancing Loan and the Land Development Loan, any proceeds or distributions received by UBG Land from UBG Land's Interest in 1199 shall be applied to the GBLP single family construction line held with the Lender.

2. To permanently reduce by all deposits, recoveries, and full lot closing proceeds as set out below, net of legal and standard adjustments satisfactory to the Lender.

3. Upon repayment of Land Development Loan and the Refinancing Loan any deposits and other revenues and full lot closings as outlined above are to be held in a formally assigned TD investment vehicle to cash secure 100% of residual LCs. Withdrawal of equity or profit is not permitted until formal written approval has been provided by the Lender on terms and condition satisfactory to the Lender.

CLOSING: Upon the fulfillment or waiver of all Conditions to Disbursement, and in no event later than September 1, 2013 or such other date that may be agreed to by the Lender and 1199 (the "**Development Closing**").

SECURITY:

1. Registered $14,000,000 collateral mortgage in first position registered against Phases II and III.

2. $14,000,000 limited guarantee from GBLP.

3. $14,000,000 limited guarantee from UBG Land restricted to UBG's Interest in 1199.

4. A security agreement from UBG Land granting a floating

charge on UBG's Interest in 1199, subject to the terms of the Montreux JV.

5. CCAA Charge over UBG's Interest in 1199.

6. General security agreement securing the present and after acquired personal property of GBLP.

7. CCAA Charge over all of GBLP's undertaking, property and assets, second in priority to the Lender's Existing Charge.

8. Evidence of comprehensive general liability insurance satisfactory to the Lender with the Lender named as an additional insured.

9. Assignment of builder's all risk insurance in an amount satisfactory to the Lender.

10. Assignment of term deposits and credit balances/general hypothecation of stocks and bonds (re residual LCs).

11. Blanket indemnity agreement re LCs.

12. Letter of direction to send 100% of net closing proceeds (in accordance with repayment terms) of all single family lots of Phases II and III to the Lender.

13. Executed advisory letter/letter agreement.

14. Solicitor's opinion provided by 1199's solicitor, supported by certified corporate resolutions and officer's certificates.

15. Such other documentation as the Lender or its solicitor may require.

CONDITIONS TO DISBURSEMENT:

In addition to the conditions to disbursement set out in this Term Sheet, the following shall be disbursement conditions.

1. All security is to be prepared by the Lender's solicitor. The Lender's solicitor is to act solely on behalf of the Lender and all costs associated therewith shall be paid by 1199.

2. All security to be delivered to the Lender and in good order as confirmed by the Lender and the Lender's solicitor.

3. 1199 is to open a separate bank account for Phases II and III with the Lender. All expenses, revenues and transactions relating to this project, and this project alone, are to flow through the project bank account.

4. Confirmation that all Municipal and other approvals are in place to permit development of Phases II and III.

5. Copy of an environmental report in respect of Phases II and III satisfactory to the Lender in its sole discretion.

6. Copies of payout statements in respect of any outstanding mortgages or credit agreements in respect of the Richards Lands, including but not limited to payout statements from each of Provident Mortgage Corp. and Neufeld Capital Inc.

7. 1199 to provide copy of a servicing contract with United Communities (acting as the development manager).

8. A detailed budget is to be provided to the Lender confirming hard and soft costs required to complete Phases II and III, such budget not to exceed $10,150,000. The budget is to be reviewed by United Communities (acting as the development manager), who shall be satisfied that budgeted costs are sufficient to complete the development of Phases II and III within the estimated timeline.

9. For the benefit of the Lender1199, UBG Land and GBLP, UBG Land and GBLP shall have obtained the Approval Order.

10. Pursuant to the Montreux JV, 1199 shall have entered into a development management agreement with United Communities approved by the Lender and on terms and conditions satisfactory to the Lender.

COVENANTS:

Positive Covenants

1199 shall at all times, do the following.

1. Ensure that title to the subject lands remains satisfactory to the Lender and its solicitor. All zoning by-laws and restrictive covenants shall be complied with.

2. Comply with the provisions of the *Builders' Lien Act* (Alberta).

3. Cause any lien that may arise to be discharged promptly from funds held back in major or minor lien fund. Other than the major and minor lien fund, no further funding will be permitted by the Lender until the lien is discharged.

4. Assign all applicable plans, contracts, agreements, approvals, permits and licences at the request of the Lender.

5. Pay all reasonable out of pocket expenses incurred by the Lender. The Lender shall be entitled to conduct subsearches and verify payment of realty taxes in respect of Phases II and III, inspect and/or audit the financial records of 1199, and conduct PPSA registry searches, all as applicable at the discretion of the Lender.

6. Ensure that the Lender has full access to Phases II and III so that site visits can be conducted periodically by Lender personnel.

7. In the absence of periodic draw requests, provide whatever information the Lender may require to conduct periodic reviews of the project including, but not limited to:

a) trial balance confirming hard and soft costs;

b) budget showing original budget, revised budget, costs to date and costs to complete;

c) list of accounts payable and holdbacks;

d) compliance certificate signed by 1199 confirming compliance with the *Builders' Lien Act* (Alberta), all applicable tax legislation, and the terms and conditions herein;

e) sales summary and summary of purchaser deposits together with copies of any purchase and sale agreements not already provided;

f) sub searches (to be ordered by the Lender); and

g) reports to be provided as requested by the Lender.

8. Provide evidence that realty taxes have been paid by April 30 annually, failing which the Lender is authorized to obtain a tax certificate(s) at 1199's expense.

9. Provide copies of annual financial statements for 1199 and GBLP within one hundred and twenty (120) days of their respective fiscal year ends.

GBLP shall at all times, do the following.

1. Provide 1199 with the requisite financing to meet any cost overruns beyond the approved budget. For certainty, GBLP shall utilize the GBLP Restrained Funds to meet the foregoing financial obligation.

Negative Covenants

1199 shall not at any time, do the following.

1. Permit Phases II and III to be encumbered by vendor take back mortgages or promissory notes without the Lender's prior written consent, which consent may be withheld, conditioned or delayed at the sole discretion of the Lender.

2. Permit subsequent encumbrances of Phases II and III without the Lender's prior written consent, which consent may be withheld, conditioned or delayed at the sole discretion of the Lender.

3. Create, incur, assume or suffer to exist any lease or easement that would restrict use of Phases II and III without the prior approval of the Lender and its solicitor, such approval not to be unreasonably withheld.

4. Sell or transfer the property herein secured (including Phases II and III), except for lot/land sales in the normal course of the project, or amend the ownership of 1199 (except as may be

done in accordance with the Prowse Order) without the prior written consent of the Lender, which consent may be withheld, conditioned or delayed at the sole discretion of the Lender.

SCHEDULE 2 – CONSTRUCTION FACILITY – TERMS:

BORROWER:	GBLP	
GUARANTORS:	UBG Land	
CREDIT FACILITIES:	1.	Interim Construction Loan of $7,150,000 (the "**Interim Construction Loan**")
	2.	Bridge Operating Line of $250,000 (the "**Bridge Operating Line**")
	3.	Serviced Lot Line of $11,400,000 (the "**Serviced Lot Line**")
PURPOSE:	1.	To finance the cost of construction of single family detached houses in the Mystic Ridge development.
	2.	To provide interim financing in the absence of formal draws under the Interim Construction Loan, including for pre-development marketing costs.
	3.	To purchase serviced lots in Phases II and III from 1199.
INTEREST RATES:	1.	Prime Rate + 1.50%;
	2.	Prime Rate + 1.50%
	3.	Prime Rate + 1.50%
FEES:	1.	Application Fee: $90,000. The fee is payable upon initial drawdown under the Interim Construction Loan.
	2.	Renewal Fee: 0.5% of total remaining authorization under Interim Construction Loan paid annually commencing on the first anniversary of the Construction Closing.
	3.	Credit Amendment Fee: Any request to amend the terms or conditions of these credit facilities after formal approval of the facilities is subject to a minimum fee of $1,000 per request.
	4.	Site Visit Fee: $250/visit
AVAILABILITY:	1.	Interim Construction Loan - Available by way of Prime Rate loans in Canadian dollars, subject to disbursement conditions: Upon request by GBLP (maximum one draw per month), as required to construct Presold Single-Family Residential Homes, subject to the following: a) maximum of two (2) spec/show homes under construction at any time; and

b) Lender shall have undertaken satisfactory monthly site visits to verify reported work in progress.

For the purposes hereof, "Presold Single-Family Residential Homes" means homes sold to arm's length third-party purchasers pursuant to an unconditional agreement of purchase and sale with a minimum deposit of 10% of the purchase price to be held in trust by the Lender's solicitors.

Drawdown will be against monthly Draw Requests prepared and reviewed by a quantity surveyor acceptable to the Lender supported by:

a) trial balance confirming hard and soft costs;

b) budget showing original budget, revised budget, costs to date and costs to complete;

c) list of accounts payable, holdbacks;

d) compliance certificate signed by GBLP confirming compliance with the *Builders' Lien Act* (Alberta), all applicable tax legislation, and the terms and conditions herein;

e) sales summary and summary of purchaser deposits together with copies of purchase and sale agreements not already provided; and

f) sub searches (to be ordered by the Lender).

2. Bridge Operating Line - As required by GBLP and subject to disbursement conditions.

3. Serviced Lot Line - Available by way of Lender Prime based loans in Canadian dollars. Disbursements under this section are to be made available upon obtaining the Approval Order and subject to the following disbursement conditions.

a) drawdown of $1,800,000 (representing 20% of the purchase price of $9,000,000) to be advanced upon GBLP entering into a purchase agreement with 1199 for the *Phase II lots* (thirty in total) of Mystic Ridge;

b) drawdown of $480,000 (representing 20% of the purchase price of $2,400,000) to be advanced upon GBLP entering into a purchase agreement with 1199 for the *Phase III lots* (eight in total) of Mystic Ridge;

c) drawdown of $7,200,000 (representing 80% of the purchase price of $9,000,000) to be advanced to 1199 upon registration of the plan of subdivision for *Phase II* of Mystic Ridge; and

d) drawdown of $1,920,000 (representing 80% of the purchase price of $2,400,000) to be advanced to 1199

upon registration of the plan of subdivision for *Phase III* of Mystic Ridge.

REPAYMENT:

Interim Construction Loan and Serviced Lot Line

On demand. In absence of demand, in accordance with the following.

1. Net sale proceeds are to be directed to the Lender and applied to each Facility as follows.

   a) $300,000 to be applied to Serviced Lot Line.

   b) 10% of the original purchase price to be deposited into a bank account with the Lender in the name of GBLP (or an "affiliate", as that term is defined in the *Canada Business Corporations Act*, of GBLP approved by the Lender in writing) which is to be restrained for future distribution ("**GBLP Restrained Funds**"). Funds in GBLP's restrained account are not to be unreasonably withheld by the Lender. Release of such funds must be supported by:

   (i) invoices supporting overhead costs incurred by GBLP;

   (ii) formal approval from the Lender to withdraw funds;

   (iii) request from GBLP to withdraw funds; and

   (iv) confirmation that any cost overruns beyond the approved budget have been paid from GBLP's available resources. In the event GBLP does not have sufficient resources to pay such cost overruns, the Lender is entitled to but has no obligation to advance additional funds to pay such cost overruns.

   Should GBLP wish to restrain funds in an "affiliate" account not in the name of GBLP, the Lender shall be entitled to obtain appropriate guarantees as recommended by its solicitors.

   c) 10% of the original purchase price to be deposited into GBLP account no. 5272086-1070.

   d) All remaining proceeds after a), b) and c) are to be applied to Interim Construction Loan.

2. Facilities are to permanently reduce as follows:

   a) Interim Construction Loan to permanently reduce at the rate of $800,000 per lot closing, commencing with the 23rd closing, until repaid in full and cancelled; and

   b) Serviced Lot Line to be repaid at a rate of $300,000 per lot closing until repaid in full and cancelled.

3. After Interim Construction Loan and Bridge Operating Line have

been repaid and cancelled, net sale proceeds are to be applied to Serviced Lot Line.

4. After the Mystic Ridge Facility has been repaid (including any obligations owing under guarantees provided by UBG Land and GBLP) and/or 100% cash collateralized, net closing proceeds are to be deposited into the project account and applied to GBLP account no. 5272086-1070.

Bridge Operating Line

On demand. In absence of demand:

1. Bridge Operating Line is to be repaid via each construction draw from Interim Construction Loan.

2. After Interim Construction Loan has been repaid and cancelled, net sale proceeds are to be applied to Bridge Operating Line.

CLOSING: Upon the fulfillment or waiver of all Conditions to Disbursement, and in no event later than September 1, 2013 or such other date that may be agreed to by the Lender and GBLP (the "**Construction Closing**").

SECURITY:

1. Registered $20,000,000 collateral mortgage in first position registered against Phases II and III.

2. A first charge general security agreement charging all present and after-acquired personal property of GBLP (held by the Lender pursuant to the Development Facility).

3. $20,000,000 limited guarantee from UBG Land restricted to UBG's Interest in 1199.

4. A security agreement from UBG Land granting a floating charge on UBG's Interest in 1199, subject to the terms of the Montreux JV (held by the Lender pursuant to the Development Facility).

5. An environmental indemnity agreement granted by GBLP, UBG Land, and any other guarantors in respect of Phases II and III.

6. Evidence of comprehensive general liability insurance acceptable to the Lender with the Lender named as additional insured.

7. Assignment of builder's all risk insurance in an amount satisfactory to the Lender.

8. Letter of direction as per repayment provisions.

9. Executed advisory letter/letter agreement.

10. Solicitor's opinion provided by GBLP's solicitor, supported by certified corporate resolutions and officer's certificates.

11. Such other documentation as the Lender or its solicitor may

require.

CONDITIONS TO DISBURSEMENT:

In addition to the conditions to disbursement set out in this Term Sheet, the following shall be disbursement conditions (unless otherwise noted).

1. All security is to be prepared by the Lender's solicitor. The Lender's solicitor is to act solely on behalf of the Lender and all costs associated therewith shall be paid by GBLP.

2. All security to be delivered to the Lender and in good order as confirmed by the Lender and the Lender's solicitor.

3. GBLP is to open to two (2) separate accounts with the Lender for the Mystic Ridge development, one (1) for operations and one (1) for the restraint of profits. All expenses, revenues and transactions related to Phases II and III (and only Phases II and III) are to flow through the two (2) accounts with the Lender.

4. GBLP shall provide a sales summary indicating deposits received to date and proposed closing dates for any lot in Phases II and III or presold single-family residential home in Phases II and III.

5. GBLP's agreements of purchase and sale for any lot in Phases II and III or presold single-family residential home in Phases II and III shall be in a form acceptable to the Lender. Lender's solicitor shall review the standard agreement of purchase and sale prior to any presales being accepted by GBLP.

6. GBLP shall provide copies of the agreements of purchase and sale evidencing purchaser name, purchase price, lot, and deposit(s) prior to initial drawdown and on an ongoing basis.

7. GBLP shall provide the Lender and the quantity surveyor with a budget in respect of hard and soft costs detailing to the satisfaction of the Lender and the quantity surveyor that the projected single family home construction budgets are reasonable.

8. For the benefit of both the Lender and GBLP:

   a) the Development Closing shall have occurred; and

   b) UBG Land and GBLP shall have obtained the Approval Order.

COVENANTS:

<u>Positive Covenants</u>

GBLP shall at all times in respect of Phases II and III, do the following.

1. Comply with the provisions of all laws applicable to Phases II and III, including the *Builders Lien Act* (Alberta).

2. Cause any lien to be discharged promptly from major or minor lien fund funds.

3. At the request of the Lender, assign all applicable plans, contracts, agreements, approvals, permits and licenses.

4. Ensure that title to the lots remains satisfactory to the Lender.

5. Pay all reasonable out of pocket expenses incurred by the Lender.

6. Ensure that the Lender has full access so that site visits can be conducted periodically by Lender personnel.

7. In the absence of monthly draw requests, provide all information the Lender may require to conduct periodic reviews, including, but not limited to:

   a) trial balance confirming hard and soft costs;

   b) budget showing original budget, revised budget, costs to date and costs to complete;

   c) list of accounts payable, and holdbacks;

   d) compliance certificate signed by GBLP confirming compliance with the *Builders Lien Act* (Alberta), all applicable tax legislation, the terms and conditions herein and anything further requested by the Lender; and

   e) sales summary and summary of purchaser deposits together with copies of agreements of purchase and sale not already provided.

8. Provide all reports as requested by the Lender.

9. Provide evidence that realty taxes have been paid by April 30 in each year, failing which the Lender is authorized to obtain tax certificates at GBLP's expense.

10. Provide copies of annual financial statements for GBLP, UBG Land and any other guarantors within ninety (90) days of their respective financial year ends.

11. Provide monthly internal financial statements for GBLP, UBG Land and any other guarantors within thirty (30) days of month end.

12. Provide annual review engagement financial statements for GBLP, UBG Land and any other guarantors at the request of the Lender.

13. Within thirty (30) days of each month end, provide a list of legal descriptions for lots in Phases II and III with random title searches to confirm title remains satisfactory to the Lender and its solicitors.

14. Provide detailed information regarding budgets, costs to date, customer deposits, purchase and sale agreements etc. for each lot at the request of the Lender.

15. Direct all purchaser deposits to the Lender's solicitor to be held

in trust in a bank account.

16. Maintain a development consultant that is to the sole and unfettered satisfaction of the Lender and on terms and conditions satisfactory to the Lender. The Lender shall have unfettered access to such development consultant.

Negative Covenants

GBLP shall not at any time in respect of Phases II and III, do the following.

1. Engage in speculative construction except as permitted under the drawdown terms.

2. Permit Phases II and III to be encumbered by vendor take back mortgages or promissory notes without the Lender's prior written consent, which consent may be withheld, conditioned or delayed at the sole discretion of the Lender.

3. Permit subsequent encumbrances of Phases II and III without the Lender's prior written consent, which consent may be withheld, conditioned or delayed at the sole discretion of the Lender.

4. Create, incur, assume or suffer to exist any lease or easement that would restrict use of Phases II and III without the prior approval of the Lender and its solicitor, such approval not to be unreasonably withheld.

5. Sell or transfer the property herein secured (including Phases II and III), except for lot/land sales in the normal course of business.

6. Alter the ownership structure of GBLP without the prior written consent of the Lender, which consent may be withheld, conditioned or delayed at the sole discretion of the Lender.

SCHEDULE 3 – EMERGENCE FACILITY – TERMS:

BORROWER:	GBLP
GUARANTORS:	UBG LAND
CREDIT FACILITIES:	1. Greenboro Facility - $25,020,000 2. Mystic Ridge Facility - $18,800,000
PURPOSE:	1. To regularize the Greenboro Facility secured pursuant, among other things, the Lender's Existing CCAA Charge and accommodate Plan Implementation. 2. To ensure that all funds advanced by the Lender under the Greenboro Facility and the Mystic Ridge Facility are repaid. 3. To ensure that all amounts owed by GBLP under the Greenboro Facility and the Mystic Ridge Facility are cross-

collateralized, and vice versa.

INTEREST RATES:

1. Prime Rate +2.50%

2. As set forth above in this Term Sheet

FEES:

Application Fee: $37,500 The fee is payable upon the earlier of (a) any advance from the Lender pursuant to the Amending Protocol Agreement among the Lender, GBLP, UBG Land Limited Partnership and the Monitor dated March 20, 2013 and (b) initial drawdown under the Emergence Facility. The foregoing fee is not payable if the Application Fee of $37,500, set out in s. 2(e) of the Amending Protocol Agreement between the Lender, GBLP and UBG Land dated March 20, 2013, has already been paid.

TERMS AND CONDITIONS:

1. Greenboro Facility

The Greenboro Facility is hereby confirmed and amended only as follows.

a) All financial ratios and margin calculations are suspended in favour of the Models, which shall govern all future advances and repayments made under the Greenboro Facility. However, in the event that the Monitor is no longer engaged in respect of GBLP and/or UBG Land, the Lender shall be entitled to appoint an agent (including but not limited to a financial advisor, development consultant, or quantity surveyor) at the sole cost of GBLP, to determine all financial ratios and margin calculations, which shall govern all future advances and repayments made under the Greenboro Facility.

b) GBLP shall be entitled to purchase additional lot inventory and, if the Lender does not make funds available for such additional purchases, GBLP may secure third party financing for the purchase of such lots. In the event GBLP does acquire such lots, then the Lender will subordinate its security in respect of such purchased lots, but only to the aggregate of (i) the principal advanced in respect of the purchase, (ii) appropriate fees and costs of such financing and (iii) reasonable rate of interest satisfactory to the Lender.

c) Reporting covenants shall be amended to provide that: (i) coverage provided by Alberta New Home Warranty Program will no longer be required, but the GBLP's new warranty provider (subject always to Lender's approval) will provide analogous reports in respect of the coverage it provides to GBLP and (ii) the Models will be updated monthly, including variance reports and any amendments to projections.

Advances under the Greenboro Facility will include the following funding (to be made available upon Emergence Closing (defined below), unless otherwise noted):

a) immediately and on an ongoing basis, Payroll;

b) upon GBLP obtaining the Approval Order, the sum of not more than $360,000 to address seasonal deficiencies related to the completion of driveways for homes delivered prior to May 9, 2012;

c) upon GBLP obtaining the Approval Order, the sum of not more than $100,000 to post as security to remove liens registered on homes subsequent to the conveyance of such homes to customers of GBLP;

d) the sum of not more than $60,000 for GBLP's sales and marketing program, provided that such sales and marketing program shall first be approved by the Lender;

e) the sum of not more than $1,848,000 (subject to deduction for payment of pre-filing lien claims estimated to be approximately $930,000 as of March 11, 2013) to pay creditors for the supply of goods and services to GBLP prior to May 9, 2012; provided however that: (i) such creditors have a valid claim established against GBLP in the claims process developed in the CCAA Proceeding (the "**Claims**"), (ii) such creditors agree to continue supplying goods and services (including warranties) to GBLP, (iii) GBLP is in compliance with the Models – advances made under this subsection shall be made available as follows: (A) firstly, to pay 33 1/3% of each Claim immediately upon GBLP obtaining the Approval Order, and (B) secondly, the balance of the Claims upon the occurrence of the Emergence Closing.

The amounts advanced under b), c), and d) above shall be repaid to the Lender from the GBLP Restrained Funds.

2. Mystic Ridge Facility - As set forth above in this Term Sheet.

REPAYMENT:

1. Greenboro Facility

On demand. In absence of demand, in accordance with the following:

a) firstly, to Closing Costs;

b) secondly, to Borrower's Costs;

c) thirdly, to the Lender to repay all amounts owing under: (i) the Greenboro Facility, (ii) GBLP's obligations to the Lender in respect of the Development Facility, (iii) GBLP's obligations to the Lender in respect of the Construction Facility, (iv) any amounts owing by Greenboro Luxury Homes (Currie Barracks 1A) Limited Partnership and (v) any other amounts owing by GBLP to the Lender; and

d) fourthly, to GBLP for its general corporate purposes.

2. Mystic Ridge Facility - In accordance with the repayment provisions in Schedules 1 and 2.

CLOSING:

Upon the fulfillment or waiver of all Conditions to Disbursement, and in no event later than October 1, 2013 or such other date that may be agreed to by the Lender and GBLP (the "**Emergence Closing**").

SECURITY:

1. All security granted in respect of the Greenboro Facility shall be pledged in support of all amounts owed under the Mystic Ridge Facility.

2. All security granted in respect of the Mystic Ridge Facility by GBLP and UBG Land shall be pledged in support of all amounts owed under the Greenboro Facility.

CONDITIONS TO DISBURSEMENT:

In addition to the conditions to disbursement set out in this Term Sheet, the following shall be disbursement conditions (unless otherwise noted).

1. All security is to be prepared by Lender's solicitor.

2. All security to be delivered to the Lender and in good order as confirmed by the Lender and the Lender's solicitor.

3. For the benefit of both the Lender and GBLP:

   a) the Development Closing shall have occurred;

   b) the Construction Closing shall have occurred;

   c) UBG Land and GBLP shall have obtained the Approval Order; and

   d) Plan Implementation shall have occurred.

Exhibit "6"

THIS IS EXHIBIT "6"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

Schweitzer, Doug

From: Tom Chisholm <TomC@unitybuilders.com>
Sent: 4-Apr-13 4:43 PM
To: Ronald Slater (ronaldslater@shaw.ca); Pamela Sheahan (psheahan@shaw.ca)
Cc: Kyle Friesen; Schweitzer, Doug
Subject: Meeting notice April 12th 2013
Attachments: Montre JV meeting agenda April 12th 2013.docx; Montreux JV meeting notice April 12th 2013.pdf

Please find attached an agenda and notice for a meeting for the Montreux JV to be held April 12th 2013 at 10:00am.

UBG Land

April 4, 2013

Ron Slater
Caleron Properties
Suite 202, Duff Building
525-11th Ave, SW
Calgary Alberta T2R 0C9

Please be advised that the next Management Committee meeting for the Montreux Joint Venture will be held on April 12, 2013 at 10:00 am. The location will be at UBG Land's office located at:

808 – 55 Ave NE
Calgary, Alberta
T2E 6Y4

This will also be delivered via fax at 403-262-3291.

The agenda is attached.

Yours truly,

Tom Chisholm

President & CEO

Unity Builders Group

2001089_1|NATDOCS

AGENDA

Management Committee Meeting for the Montreux Joint Venture

Friday, April 12th, 2013 at 10 a.m.

Location is at UBG Land-Calgary office

1. Approval of Mystic Ridge Development Financing - Master Term Sheet of Secured Credit Facilities between 1199032 Alberta Ltd. ("**1199**"), as borrower under certain facilities, Greenboro Estate Homes Limited Partnership, by its general partner, Greenboro Estate Homes (2006) Ltd. (collectively, "**Greenboro**"), as borrowers and guarantors under certain facilities, UBG Land Limited Partnership, by its general partner, UBG Land Inc., as guarantor, and The Toronto-Dominion Bank, as lender

2. Approval of the form of purchase and sale agreements for Lots 1-12 of Block 1 and Lots 3-18 of Block 2, to be subdivided from the Wanklyn Lands, Lot 2 of Block 3, to be subdivided from the Richards Lands, and, subject to the election made by Caleron, either Lot 3 of Block 3, to be subdivided from the Richards Lands, or Lot 1 of Block 2, to be subdivided from the Wanklyn Lands, and Lot 1 of Block 4 and units 1-7 of Block 4, to be subdivided from the Richards Lands between 1199 and Greenboro (collectively, the "**Bulk Lot Agreements**") as contemplated by the order granted by Master J.T. Prowse, Q.C. on March 16, 2012, in Action Number 1001-18715, in the Court of Queen's Bench of Alberta, Judicial District of Calgary

3. Approval of the termination of WestCreek Developments as development manager

4. Approval of United Communities as development manager

5. New business

Exhibit "7"

THIS IS EXHIBIT "7"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

RESOLUTIONS OF THE BOARD OF DIRECTORS OF
1199032 ALBERTA LTD. (the "Corporation")

Pursuant to the *Business Corporations Act* (Alberta) and the order granted by Master J.T. Prowse, Q.C. on March 16, 2012, in Action Number 1001-18715, in the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Prowse Order**"), all of the directors of the Corporation, by signing their name to the foot hereof, adopt the following resolution and by so doing renders the same as valid and effectual as if it had been passed at a meeting of directors duly called and constituted.

WHEREAS the Corporation has been duly incorporated under the *Business Corporations Act* (Alberta);

AND WHEREAS the Corporation proposes to enter into the Mystic Ridge Development Financing - Master Term Sheet of Secured Credit Facilities between the Corporation, as borrower under certain facilities, Greenboro Estate Homes Limited Partnership ("**GBLP**"), by its general partner, Greenboro Estate Homes (2006) Ltd. (collectively, "**Greenboro**"), as borrowers and guarantors under certain facilities, UBG Land Limited Partnership, by its general partner, UBG Land Inc. (collectively, "**UBG Land**"), as guarantor, and The Toronto-Dominion Bank ("**TD**" or the "**Lender**"), as lender (the "**Term Sheet**") for the purpose of providing the requisite financing to develop Phases 2 and 3 at Mystic Ridge;

AND WHEREAS the Corporation proposes to enter into purchase and sale agreements for the sale by the Corporation to Greenboro of Lots 1-12 of Block 1 and Lots 3-18 of Block 2, to be subdivided from the Wanklyn Lands, Lot 2 of Block 3, to be subdivided from the Richards Lands, and, subject to the election made by Caleron Properties Ltd., either Lot 3 of Block 3, to be subdivided from the Richards Lands, or Lot 1 of Block 2, to be subdivided from the Wanklyn Lands, being the Phase 2 lots, and Lot 1 of Block 4 and units 1-7 of Block 4, to be subdivided from the Richards Lands, being the Phase 3 lots (collectively, the "**Bulk Lot Agreements**"), as contemplated by the Prowse Order;

BE IT RESOLVED AS FOLLOWS:

1. **THAT** the Corporation adopts, approves and ratifies the Term Sheet and the Bulk Lot Agreements as presented to the directors.

2. **THAT** each and any director or officer of the Corporation is authorized to negotiate the terms of the Term Sheet and the Bulk Lot Agreements on behalf of the Corporation subject to such amendments as he or she may in his or her discretion deem advisable, his or her execution of the Term Sheet and the Bulk Lot Agreements to be conclusive evidence of his or her approval of same.

3. **THAT** each and any director or officer of the Corporation is authorized and directed to negotiate the terms and conditions of such other agreements, documents and instruments ancillary to the Term Sheet and the Bulk Lot Agreements as such director or officer considers necessary or desirable.

4. **THAT** any one officer or director of the Corporation is further authorized and directed to do all such other things and execute and deliver any other documents as may be necessary to give full force and effect to the Term Sheet and the Bulk Lot Agreements or this resolution.

5. **THAT** this resolution may be executed in separate counterparts, and all such executed counterparts when taken together shall constitute one resolution. The Corporation shall be entitled to

rely on delivery of a facsimile copy or pdf. copy of the executed resolution and such facsimile copy or pdf. copy shall be legally effective to create a valid and binding resolution.

Pursuant to section 117 of the *Business Corporations Act* (Alberta) and the Prowse Order, the undersigned, being the sole director of the Corporation, hereby adopts the above resolutions effective April 12, 2013.

_____

Thomas Chisholm

Exhibit "8"

THIS IS EXHIBIT "8"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

Action No. 0901-05165

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

BETWEEN:

I hereby certify this to be a true copy of the original Consent Order
Dated this 1st day of FEB. 2010
for Clerk of the Court

UBG ALBERTA BUILDERS INC.

Applicant

- and -

CALERON PROPERTIES LTD., RONALD SLATER and 1199032 ALBERTA LTD.

Respondents

BEFORE THE HONOURABLE JUSTICE L.D. WILKINS, CALGARY, ALBERTA) At the Court House, in the City of Calgary, in the Province of Alberta, on Monday, the 1st day of February, A.D. 2010

CONSENT ORDER

UPON THE WITHIN ACTION of UBG Alberta Builders Inc. brought by Originating Notice, filed April 7, 2009, as amended by Amended Originating Notice, filed April 29, 2009 and by Amended Amended Originating Notice, filed May 20, 2009; **AND UPON** the within action becoming a Statement of Claim by order of Madam Justice K.M. Eidsvik granted May 5, 2009; **AND UPON** hearing read the Statement of Defence filed June 1, 2009 by the Respondents, Caleron Properties Ltd. and Ronald Slater; **AND UPON** noting the consents of counsel for the Respondents, Caleron Properties Ltd. and Ronald Slater, and counsel for UBG Alberta Builders Inc. endorsed herein; **IT IS HEREBY ORDERED THAT:**

1. Each of Caleron Properties Ltd. ("Caleron") and Ronald Slater ("Slater") shall take all steps and execute all documents necessary to forthwith effect the discharge of the Caveat registered as Instrument 091 060 480 (the "Caveat") against the lands legally described as:

(a) LOT 25
BLOCK 13

EXHIBIT: 6
DATE Feb 1 / 2013
EXAM: R.W. Slater
ADELE JONES CSR(A)

PLAN 0911329
EXCEPTING THEREOUT ALL MINES AND MINERALS

and

(b) CONDOMINIUM PLAN 0911345
UNITS 1 TO 20 INCLUSIVE,
EXCEPTING THEREOUT ALL MINES AND MINERALS

2. The Registrar of the Alberta Land Titles Office is hereby directed to discharge the Caveat, notwithstanding any requirements of section 191(1) of the *Land Titles Act*, R.S.A. 2000, c. L-4.

3. Caleron, Slater and UBG Alberta Builders Inc. ("UBG") are hereby prohibited from registering, or causing to be registered, any caveat or encumbrance, of any kind, at any time in the future, for any reason whatsoever, against the following lands, being the subject matter of the Joint Venture Agreement made as of February 27, 2006 (the "Joint Venture Agreement") between UBG, Caleron and Slater, and referenced therein as the Wanklyn Lands and the Richards Lands, and as legally described therein as:

(a) PLAN 3530 AK
BLOCK D
LOTS 1 TO 6 INCLUSIVE,
CONTAINING _____ HECTARES (30 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME

and

(b) PLAN 9712004
BLOCK D
LOT 18
CONTAINING _____ HECTARES (3.38 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME

(collectively, the "Joint Venture Lands")

4. The prohibition in paragraph 3 herein applies equally to any successor legal descriptions and/or titles created from the subdivision of the Joint Venture Lands, provided that the successor legal descriptions and/or titles are held by 1199032 Alberta Ltd.

5. The Bulk Lot Purchase Agreement made on February 1, 2007 (the "Bulk Lot Purchase Agreement") between 1199032 Alberta Ltd. and Greenboro Estate Homes (2006) Ltd., as general partner on behalf of Greenboro Estate Homes Limited Partnership ("Greenboro"), is hereby declared to remain a valid and enforceable agreement such that Greenboro maintains the right under the Bulk Lot Purchase Agreement to require 1199032 Alberta Ltd. to transfer title to its remaining 14 subdivided units/lots set out in Plan 0911345, registered as Instrument 091060232, and in Plan 0911329, registered as Instrument 091059281 (the "Remaining Greenboro Lots/Units"), upon the purchase by Greenboro of the Remaining Greenboro Lots/Units in the manner noted in paragraph 6 herein.

6. Greenboro shall purchase the Remaining Greenboro Lots/Units from 1199032 Alberta Ltd. on the following basis:

(a) Greenboro shall purchase 7 of the Remaining Greenboro Lots/Units from 1199032 Alberta Ltd., on a date to be set by Greenboro, but no later than May 1, 2010, for the price of $240,000.00 per Lot/Unit;

(b) Greenboro shall purchase 3 of the Remaining Greenboro Lots/Units from 1199032 Alberta Ltd., on a date to be set by Greenboro, but no later than October 1, 2010, for the price of $240,000.00 per Lot/Unit; and

(c) Greenboro shall purchase 4 of the Remaining Greenboro Lots/Units from 1199032 Alberta Ltd., on a date to be set by Greenboro, but no later than October 1, 2010, for the price of $270,000.00 per Lot/Unit.

(the monies paid by Greenboro for the purchase of the Remaining Greenboro Lots/Units, as noted above, shall be hereinafter collectively referred to as the "Purchase Monies")

7. The Purchase Monies shall be payable by Greenboro to Warren Tettensor Amantea LLP, c/o Joe Amantea, acting on behalf of 1199032 Alberta Ltd.

8. Upon payment by Greenboro to Warren Tettensor Amantea LLP of the Purchase Monies, 1199032 Alberta Ltd. shall transfer to Greenboro title, free and clear of any encumbrances other than utility rights of way, to the Remaining Greenboro Lots/Units for which the Purchase Monies were paid.

9. Each of UBG, Caleron and Slater, for and on behalf of 1199032 Alberta Ltd., shall take all steps and execute all documents necessary to facilitate and effect the transfer of title to the Remaining Greenboro Lots/Units by 1199032 Alberta Ltd. to Greenboro, as referenced in paragraph 8 herein.

10. For further clarity, the steps to be taken and the documents to be executed, as referenced in paragraph 9 herein, shall include such steps and documents necessary to effect the discharge of the Caveat, if not previously discharged, and such other security registered by the Toronto Dominion Bank against the titles to the Remaining Greenboro Lots/Units to be transferred to Greenboro.

11. Upon receipt from Greenboro of the Purchase Monies by Warren Tettensor Amantea LLP, on behalf of 1193302 Alberta Ltd., Warren Tettensor Amantea LLP shall forthwith pay out in full, or otherwise as agreed to between Caleron, Slater, UBG and the Toronto Dominion Bank, any outstanding indebtedness of 1199032 Alberta Ltd. to the Toronto Dominion Bank under the Interim Servicing Loan dated February 8, 2007 (the "Interim Servicing Loan"), the Land Loan dated November 22, 2007 (the "Land Loan"), and any security provided by 1199032 Alberta Ltd. in respect to such loans and/or registered against the Joint Venture Lands. The balance of the Purchase Monies shall be deposited by Warren Tettensor Amantea LLP into the Toronto Dominion bank account of 1199032 Alberta Ltd.

12. Each of UBG, Caleron and Slater, for and on behalf of 1199032 Alberta Ltd., shall take all steps and execute all documents necessary to facilitate and effect the payment referenced in paragraph 11 herein by 1199032 Alberta Ltd. to the Toronto Dominion Bank.

13. Caleron, Slater and UBG shall thereafter cause the balance of the Purchase Monies to be dispersed and distributed from the Toronto Dominion bank account of 1199032 Alberta Ltd. as follows:

(a) firstly, such amount of the balance of the Purchase Monies as shall be necessary to pay in full the development costs (the "Development Costs") to complete the development of the 24 lots/units that were the subject of the Bulk Lot Purchase Agreement and the Interim Servicing Loan ("Phase 1");

(b) for greater clarity, the payment of the Development Costs shall include the sum of $80,000.00, being the balance of the development management fees to which Caleron is entitled pursuant to the Joint Venture Agreement, $40,000.00 of which shall be payable on May 1, 2010 with the remaining $40,000.00 payable on October 1, 2010; and

(c) secondly, the remaining balance of such Purchase Monies shall thereafter be paid to UBG and Caleron, on a 50/50 basis, upon completion of the development of Phase 1 and payment of the Development Costs, provided that Caleron's 50% of the remaining balance of such Purchase Monies that would otherwise be paid shall be reduced by the following amounts:

(i) an amount equivalent to $678,500.00, which is the amount of the outstanding loan borrowed by Caleron from 1199032 Alberta Ltd. in or about December 2007 to purchase a portion of Lot 1, Plan D, Block 3530AK, and referred to as the Godfrey Lands/Residence; and

(ii) an amount equivalent to $150,000.00, which is the amount of the pre-payment by 1199032 Alberta Ltd. to Caleron of anticipated project profit share, paid by way of cheque dated July 7, 2008.

14. Greenboro shall be responsible for and ensure that all interest charged to 1199032 Alberta Ltd. since April 1, 2008 by the Toronto Dominion Bank on the Interim Servicing Loan, the Land Loan and any security provided 1199032 Alberta Ltd. in respect of such loans and/or

registered against the Joint Venture Lands shall have been or shall be paid by no later than October 1, 2010.

15. Notwithstanding paragraph 8 of the Order of Madam Justice K.M. Eidsvik granted May 5, 2009 in this action, Caleron and Slater shall not contest the $300,000.00 per lot sum paid by Greenboro in accordance with the terms of that Order.

16. The purported termination by Caleron, on behalf of 1199032 Alberta Ltd., of the Bulk Lot Purchase Agreement is hereby declared null and void and of no legal effect.

17. Any issues in the within action that are not expressly addressed herein shall be and are hereby discontinued, by mutual agreement.

18. Caleron and Slater shall pay to UBG its taxable costs under Column 1 of Schedule C of the *Alberta Rules of Court* and reasonable disbursements, as certified by UBG's solicitors, payable on or before May 1, 2010.

"L.D. WILKINS"
J.C.C.Q.B.A.

Entered this 1st day of February, 2010.
K. MCAUSLAND (SEAL)

Clerk of the Court

CONSENTED TO this 1st day of February, 2010:

SHEA NERLAND CALNAN LLP

Per: "J.W. Moroz"
Jeff W. Moroz
Counsel for Caleron Properties Ltd. and Ronald Slater

CONSENTED TO this 1st day of February, 2010:

McCARTHY TÉTRAULT LLP

Per: "A.Z. Breitman"
Ariel Z. Breitman
Counsel for UBG Alberta Builders Inc.

No. 0901-05165 A.D. 2010

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL DISTRICT OF CALGARY

B E T W E E N:

**UBG
ALBERTA
BUILDERS
INC.**

Applicant

- and -

**CALERON PROPERTIES LTD.,
RONALD SLATER and
1199032 ALBERTA LTD.**

Respondents

ORDER

McCARTHY TÉTRAULT LLP
3300, 421 – 7th Avenue S.W.
Calgary, AB T2P 4K9

Ariel Z. Breitman
Phone: (403) 260-3665
Fax: (403) 260-3501
File No.: 196084-409220

Exhibit "9"

THIS IS EXHIBIT "9"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

IN THE MATTER OF AN ARBITRATION PURSUANT TO
THE *ARBITRATION ACT*, R.S.A. 2000, C. A-43

BETWEEN:

UBG LAND INC.

- and –

EXHIBIT: 9
DATE Feb 1/2013
EXAM: R.W. Slater
PELE JONES CSR(A)

CALERON PROPERTIES LTD.

ARBITRATION – DECISION

RICHARD KENNEDY – ARBITRATOR

This arbitration arises from the Order of Mr. Justice L. D. Wilkins of January 20, 2011 and was conducted pursuant to an Arbitration Agreement between UBG Land Inc. and Caleron Properties Ltd. dated April 27, 2011. Several days of hearings, resulting transcripts and a significant volume of documents and written arguments from Mr. Breitman and Mrs. Louw on behalf of UBG Land Inc. ("UBG") and by Mr. Anderson on behalf of Caleron Properties Ltd. ("Caleron") have assisted me in coming to the various decisions involved in the disputes arising from this Joint Venture between UBG and Caleron.

HISTORY

For a few years prior to 2006, Caleron and its principal, Mr. Ron Slater, were attempting to assemble several pieces of land for a residential development on the west side of Calgary ultimately to be known as "Mystic Ridge". By February of 2006 Caleron had by contracts it entered into, achieved control over two parcels of land, namely Plan 3530AK, Block D, Lots 1-6 (the "Wanklyn Lands") and Plan 9712004, Block D, Lot 18 (the "Richards Lands").

The Richards Lands in February of 2006, were registered in Mr. Slater's name as to an 11/17 interest. He had an agreement to purchase the other undivided 6/17 interest from David Glassman and Deborah Sagal. This would give Mr. Slater full ownership subject to an obligation to subdivide and convey a lot from the Richards Lands, upon subdivision, to Glassman (the "Glassman Lot"). Ultimately, on November 9, 2009 Mr. Slater transferred the full interest in the property to Caleron for the purpose of transferring it to the Joint Venture between UBG and Caleron which came to be known as the Montreux Joint Venture.

Control over the Wanklyn Lands was a little more tenuous in early 2006. Litigation between Caleron and the vendors had resulted in a Settlement Agreement which led to a Purchase Agreement requiring an immediate deposit of $250,000.00 payable on February 15, 2006. From the evidence before me at the hearing, it was this payment and subsequent obligations for further payments to conclude the purchase of the Wanklyn Lands, which let Caleron, through Mr. Slater, to approach UBG with a view to creation of a Joint Venture.

Caleron indicated that it did not have the necessary funds to make the February 15, 2006 payment. In exchange for UBG's agreement to make that payment and reimbursing other significant costs previously paid by Caleron that were now at risk, both UBG and Caleron signed a Letter of Intent dated February 13, 2006 which facilitated the payment and outlined the terms of the Monteux Joint Venture.

Ultimately the Letter of Intent was supplemented with a formal Joint Venture Agreement dated February 27, 2006 (which included Mr. Slater as a party because of his ownership of the Richards Lands), and the parties embarked on a Joint Venture that has, with great difficulty thus far, resulted in the subdivision and sale of 24 lots in Phase 1 to Greenboro Estate Homes, a related company to UBG and home builder. The sale of those 24 lots concluding of the first phase of the development (subject to some remaining servicing issues) was facilitated through directions from the Case

Management Judge, Justice Eidsvik, on May 5, 2009, and a further Consent Order of Justice Wilkins dated February 1, 2010.

In my view, the directions and separate Orders of both Justices have settled the matters relating to the development of Phase 1 of the Montreux Joint Venture Mystic Ridge Lands and I cannot and will not interfere with those directions and rulings. Caleron has suggested in its argument that the distribution of the sale proceeds should be different from the Consent Order because of some provisions in the Joint Venture Agreement. In my view, it is too late to suggest that route after the finalization of the Consent Order and as UBG points out in their arguments, the distribution proposed by Caleron in it's argument would only result in about $40,000 being applied to monies UBG claims it is owed for capital contributions made on behalf of Caleron. Exploring this would be incorrect and for the reasons put forward by UBG virtually pointless. However many of the events during the course of the development of Phase 1 are relevant in deciding several of the outstanding issues between the parties which have been put before this arbitration for resolution.

ISSUES FOR ARBITRATION

The issues placed before me by both parties in the arbitration will largely be determined by the wording of the Letter of Intent and the Joint Venture Agreement, as well as the conduct of UBG, Caleron and their respective representatives since February 13, 2006 to the date this matter was referred to arbitration. The arbitration agreement required both parties to file a list of issues. UBG forwarded the following list of issues on March 22, 2011:

Disputes and issues between the parties that require adjudication and determination are summarized as follows:

(a) Has Caleron breached and defaulted on its requirements under Section 2.5 and 2.6 of the JVA to make the following Capital Contributions:

(i) paying one-half of the net amount outstanding under the Wanklyn VTB Mortgage;

(ii) discharging all mortgages and other financial encumbrances from the Richards Lands;

(iii) refraining from further encumbering the Richards Lands with any mortgage or other financial encumbrance;

(iv) transferring the Richards Lands to the Monteux Joint Venture free and clear of any mortgage or other financial encumbrances;

(v) paying one-half of the Cost Overrun Project Expenses?

(b) Has Caleron defaulted on any other tem of the JVA, including Section 2.1, by reason of the above-noted breaches?

(c) *In the event of such breaches and defaults, what consequences and sanctions should follow, including those set out in Sections 2.8 of the JVA?*

(d) *What are the obligations of the Montreux Joint Venture with respect to the sale of the sub-divided lots that will be created in Phases 2 and 3 of the development?*

Caleron was to file its list of issues on or before May 6, 2011 in accordance with the Arbitration Agreement. This was not done in any formal way although at the outset of the arbitration, Caleron confirmed that a memorandum provided on April 8, 2011 at the first meeting between UBG, Caleron, and me would stand as both his statement of position on behalf of Caleron and list of issues in accordance with the requirements of the Arbitration Agreement. There was no definitive list of issues for the arbitration as a whole in the April 8, 2011 memorandum. However, on page 6, two issues were identified for determination at a "preliminary hearing" if there was to be one. I subsequently ruled that there would be no preliminary hearing and that all matters would be addressed in the full arbitration. However the two issues set forth in the April 8, 2011 memorandum were as follows:

1. *Does UBG continue to maintain rights over the Phase 2 and 3 of the Joint Venture Lands? If so, what are those rights and are there any corresponding obligations?*

2. *Does Caleron have any obligations over these same lands? If so, what are those obligations and are there any corresponding rights?*

Caleron did not dispute any of the issues put forward by UBG, which, in my view are comprehensive and include the two issues put forward by Caleron in the April 8, 2011 memorandum. The only issue raised in Caleron's final brief that goes beyond the listed issues in some respects are his arguments in relation to the effect, if any, of the February 1, 2011 Consent Order of Justice Wilkins on the issues to be decided in this arbitration. My view is that the Consent Order is conclusive with respect to the matters it deals with and my decisions on the issues put before me relate only to matters not dealt with by that Consent Order.

Similarly, in UBG's final written arguments some of the issues are presented a little differently from the original list of issues, largely relating to what obligations the Montreux Joint Venture has to sell Phase 2 and Phase 3 lots to Greenboro, and on what terms. This likely still falls under issue "d" and points "1" and "2" in Caleron's April 8, 2011 memorandum. The lack of timeliness and failure to properly clarify issues in accordance with the Arbitration Agreement on Caleron's part will be taken into consideration in an award of costs at the end of this decision, as will other issues, including Caleron's failure to respond to a request for witness lists and an Agreed Statement of Facts among other issues has caused UBG additional expense. I will utilize the original list provided by UBG in its Statement of Position and to the extent necessary, add any further issue arising from Caleron's April 8, 2011 memorandum and the final written arguments of both parties. That should deal with all of the issues that are currently extant between the parties.

GENERAL FINDINGS OF FACT

Central to the determination of many of the issues will be the calculation of various dollar amounts which either need to be adjusted between the parties or which form the basis for calculating percentage reductions in their respective Joint Venture interests. Significant evidence was put forward by UBG to establish these dollar amounts and I find in all instances that their evidence and submitted calculations are accurate and reliable. No credible or significant objection was made by Caleron to any of these calculations, but I will give my reasons for disagreeing with their factual, or in some cases, conceptual disagreements with some alleged capital contributions on Caleron's part. However, I find that all of the calculations put forward by UBG are accurate for the purposes of determining the issues before me.

Similarly, I find that all of the chronological information relating to various events and documentation are accurately set out in UBG's evidence during the arbitration and although voluminous, this evidence, particularly the summaries, were of great assistance in dealing with the various issues.

I will deal with more specific findings of fact and comment on credibility of the various witnesses in the context of the different issues before me.

THE JOINT VENTURE'S OBLIGATIONS TO GREENBORO – THE "SELF FINANCING" CONCEPT

I must deal with an argument, advanced by Caleron in its written submissions, that the actions of UBG and Greenboro in dealing with the lot purchase caused all of the Caleron Breaches that UBG alleges.

Although UBG's witnesses were not cross-examined on the concept of the Joint Venture being "self financing", it did form a good part of Mr. Slater's testimony and his perception on how the Joint Venture was to unfold and why he didn't expect to have to make capital injections for any of the obligations Caleron had agreed to in the Letter of Intent and the Joint Venture Agreement, other than vending in the Richards Lands at an agreed cost of $550,000. Mr. Slater testified that the proceeds from Greenboro for the lot purchases would provide enough funding to the Joint Venture to pay for the ongoing development of the lands and would cover his required contributions to the Wanklyn mortgage, clear the title, convey the Richards Lands and pay any required capital contributions for cost overruns or budgetary items that would not be financed by the TD Bank.

It is possible that Mr. Slater genuinely though naively, held this view. But it was also obvious that the was intending to apply for some financing for servicing, as he had already approached the Toronto-Dominion Bank and MCAP Financial Corporation to obtain a servicing loan for the Phase 1. Activities in that regard formed a significant part of the early activities of UBG and Caleron in arranging the commitment letter with the Toronto-Dominion Bank to facilitate the start of construction of services and enable the Joint Venture to provide security by way of letters of credit to the City of Calgary, and to allow the Phase 1 development to begin.

Mr. William's evidence on behalf of UBG in this regard was quite clear, in that he believed that the development would be phased through three phases, with the servicing financing arranged for each phase, and lot sale agreements would be entered into with Greenboro at some point, coincidental with each phase. Mr. Slater's testimony and the materials he prepared for budgets and cash flow analysis quite clearly support that he understood the development would take place on a staged basis, similar to what Mr. Williams believed. It is the obligation of the Joint Venture to Greenboro, and Greenboro's obligation to the Joint Venture, to purchase lots, which really forms the basis for Caleron's objections or excuses for not funding their obligations. Greenboro is not a party to either the Letter of Intent or the Joint Venture Agreement and so it is difficult to characterize Greenboro as having any obligations. It is the fact the UBG and Greenboro are part of the same corporate group, with common ownership, and that UBG would always control the obligations of Greenboro and what they would enter into as contracts with the Joint Venture.

Caleron argued that the terms of the Letter of Intent and the Joint Venture Agreement required Greenboro to purchase all of the lots in all three phases at a price of $300,000 per lot, with a deposit of 20% upon execution of the standard purchase agreement (presumably coincidental with the timing of the Joint Venture Agreement, to make Caleron's argument work) and pay the full balance of the purchase price of $300,000 per lot six months from the date of the purchase agreement for all 74 projected lots in the three phases. This would essentially mean that the Joint Venture would receive a total of $22,200,000 by September 2006, and other than some initial financing to shore up any deficiency, which the 20% deposit from Greenboro would not cover, there would be no need for further financing.

I do not find that the evidence supports this argument. Although the provisions of the Letter of Intent and Joint Venture Agreement leave some doubt as to the intentions of the parties with respect to Greenboro's obligations, which UBG would arrange, I find that the most reasonable interpretation of the contracts does not support this argument which is relied upon by Caleron.

Some fundamental issues lead to difficulty in accepting this argument. First, none of the lands were ever intended to be subdivided by September 2006 when, the full purchase price for all of the lots was to be paid (according to Caleron's argument). It was possible that the Phase 1 subdivision plan could have proceeded that quickly, at least in the minds of Mr. Williams and Mr. Slater when they started the Joint Venture Agreement, but subsequent events proved that to be completely unrealistic. There is no question that the subdivision of Phase 2 and Phase 3, and even the total number of lots in those phases were unknown at the time. As well, both Caleron's and UBG's conduct was completely inconsistent with this from the beginning of the Joint Venture in February 2006, to the point in March 2009 when "things fell apart" over the closing of the phase 1 lots, and the litigation commenced with Caleron in filing its caveat. This was the first time that Caleron put forward an argument similar to the one advanced in Caleron's brief. The variation is that, in March of 2009, Caleron was alleging that Greenboro had breached an obligation to pay the full cash to close on all 24 lots on February 1, 2008, and therefore had no rights to Phase 2 or 3 lots. I am somewhat mystified to how that position can be justified, in light of the argument advanced in Caleron's brief that all 74

lots should have been prepaid in the first six months, but I need to delve further into the facts surrounding the agreements that the Joint Venture signed with Greenboro and how UBG and Caleron seemed to treat the Greenboro obligations.

It is helpful to reproduce the Letter of Intent and the Joint Venture Agreement clauses that deal with the lot purchase strategy. The relevant provisions of the Letter of Intent are as follows:

> 6. *The Joint Venture shall enter into an agreement to sell all the residential lots, less one, to Greenboro Estate Homes Ltd. at a price of $300,000.00 per lot with terms as follows:*
>
> *i) 20% of the Purchase Price down;*
> *ii) Balance due in 6 months; and*
> *iii) Greenboro shall be required to purchase the lots according to an agreed to take-down schedule.*
>
> *Ronald Slater shall be entitled to purchase one residential lot of his choice at the same price and terms as Greenboro.*

The relevant provisions of the Joint Venture Agreement are as follows:

> 1.1 *"Lot Sale Agreement" means the standard foram. of lot sale agreement as approved from time to time by the Management Committee.*
>
> *"Lots" mean those single family residential lots that are subdivided from the Lands.*
>
> 4.1.8 *approve the sale of all residential lots less one, to UBG at a purchase price of $300,000.00 per lot on the following terms and conditions:*
>
> *(a) 20% of the purchase price upon execution of the standard purchase agreement;*
>
> *(b) the balance of the purchase price payable within six months from the date of execution of the purchase agreement.*
>
> *Slater shall be entitled to acquire the remaining residential lot being a lot of his choice on the same terms and conditions as UBG and as set forth herein.*
>
> 4.2 *Market Price and Terms*
>
> *The parties acknowledge and agree that the market price of the Lots shall be the sum of Three Hundred Thousand Dollars ($300,000) and that the Lots shall be sold to UBG and Slater on the terms and conditions as set forth in paragraph 4.1.8.*

The wording of the Letter of Intent is most favourable to the interpretation Caleron urges, but as UBG points out, there is no indication as to when the agreement to sell all of the residential lots is to be entered into, and therefore when the six months for payment of the full balance would be. As well, the wording in 6(iii) is problematic, in that it refers to Greenboro being required to purchase the lots according to "an agreed take-down schedule" which on the evidence of all of the witnesses, would mean some kind of phasing or staggering of the obligations of Greenboro to buy lots.

If I examine the wording of the Joint Venture Agreement, it becomes somewhat more evident that the Greenboro obligation was intended to be phased over three phases of the development. In paragraph 4.2 the term "Lots" was defined as "single family residential lots that are subdivided from the lands". Therefore, a subdivision plan had to be filed before the lots would be a subject matter of a sale agreement. The subdivision would clearly have to take place in three stages, according to the evidence which was very clear and extensive in this regard. The reference to the lots being sold to "UBG and Slater" in 4.2 of the Joint Venture Agreement is, I think, conceded to be erroneous on the part of the person drafting the Joint Venture Agreement, as it was intended to be Greenboro. The Letter of Intent is clear on this. The inadequacies of the drafting appear in paragraph 4.1.8, as the defined term "Lots" is no longer used, although the term "residential lots" is used, and is consistent with the defined term.

Reading these provisions requires me to imply terms or meanings to the terms used in order to make a decision as to what obligations UBG had to impose on Greenboro for the purchase of the lots to fulfil the contractual requirements of the Montreux Joint Venture. I think it is helpful here to set out some of the text and case law with respect to implied terms in contracts and contractual interpretations principles generally.

Caleron and UBG have directed me to contract texts on questions of interpretation and some excerpts from those will be helpful with the approach I am taking.

UBG directed me to Geoff R, Hall, Canadian Contractual Interpretation Law, 1st ed. (Markham, Ont.: LexisNexis, 2007)

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"It is a fundamental precept that contractual interpretation requires an examination of a contract as a whole, not just a consideration of the specific words in dispute. Individual words and phrases must be read in the context of the entire document. "The normal rules of construction of a contract require that the various clauses of a contract cannot be considered in isolation but must be given an interpretation that takes the entire agreement into account." The rule is so basic that it has aptly been described as a "well-known" principle of contract interpretation.

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"Evidence of the parties' post-contracting performance of their contractual obligations can be admitted as an aid to interpretation of the agreement in question. However, such evidence is admissible only if it is first determined that the provision being interpreted is ambiguous."

"Subsequent conduct is admitted in cases of ambiguity because it tends to illustrate the parties' intentions at the time of contracting."

Council for Caleron directed me to Fridman.

Fridman, The Law of Contract, 4th Edition, pages 491-498. TAB 15"

And I take note of these general principles in examining the evidence along with the two contracts.

While the contractual provisions are still vague or uncertain with the application of implied term principals, I believe the conduct of the parties subsequent to the signing of the two agreements is probably the clarified the poorly written agreements.

It is significant to note that almost a year passed after the execution of the Joint Venture Agreement before any lot purchase agreement was entered into between the Joint Venture and Greenboro. The first agreement was dated February 1, 2007 and according to the evidence, was actually signed at the instigation of UBG, working with Caleron in the background, to finalize the TD Bank financing for the servicing of Phase 1. At no time prior to that did Mr. Slater on behalf of Caleron ever allege that Greenboro should have paid the entire purchase price for all of the lots in all three phases. It appears to be the requirements of the TD Bank that led to the execution of the first lot purchase agreement. To date it is the only agreement executed with Greenboro, and I find that its structure and subsequent amendment is useful to explore in order to ascertain the original intent of the parties in the ambiguous language of the Letter of Intent and Joint Venture Agreement.

My impression from the evidence, particularly from UBG, is that UBG and Greenboro both anticipated that the lot purchase agreement would be entered into for each phase individually, and would likely be signed at the outset of development of each phase. For the first phase, this was triggered by the requirement of TD Bank for some lot presale evidence as a condition of their funding. Notwithstanding the arguments put forth by Caleron in its brief, I do not think that Mr. Slater's expectations were any different, and this explains his silence on the issue during the first three years of the Joint Venture Agreement.

On the basis of Mr. Slater's testimony about Caleron's lack of resources, his main objective appeared to be to find a partner to help him close on the Wanklyn Lands and recover the various monies Caleron and Mr. Slater had expended in assembling the Wanklyn and the Richards prior to the coming February deadline. By his own testimony he or Caleron would have been incapable of satisfying any of the financial obligations that were contracted for in the Letter of Intent and Joint Venture Agreement and therefore would be relying on UBG to fulfill Caleron's obligations. If Mr. Slater entertained any hope of a quick conclusion of the Phase 1 development, one that was perhaps shared initially by UBG, it soon become obvious that the municipal approvals, servicing and development of Phase 1 and subsequent phases was going to take a lot longer than all parties thought.

Caleron was the Development Manager, and was receiving a management fee equivalent to 5% of the lot sale proceeds to manage the development of Phase 1 and subsequent phases. Although there was evidence from many of UBG's witnesses about tardiness, or in some cases, incompetence in the completion of Caleron's work as manager during the Joint Venture, the delays were not entirely within his control. Mr. Slater appeared to have significant experience and fully understood what he was doing in that role. He may have been distracted by other mandates including the suggestions by Mr, Thompson of Greenboro that Seattle was one. My impression of Mr. Thompson's expectations from his testimony would lead me to find he was impatient and unrealistic on the pace of Caleron's activities.

However, the speed with which Phase 1 was being developed was dictated more by an extremely busy residential real estate market in Calgary in the period from 2006 to the end of the summer of 2008. It is well known and the evidence supported the view, that approvals with the City were slower, servicing contractors were extremely busy, and getting more expensive each month. Likely UBG, Greenboro and Caleron were all distracted by competing projects they were also involved in. Coupled with that, there were issues with respect to the lands that were unknown at the outset of the Joint Venture Agreement, including the problem with the loam in an old ravine, which required significant fill and was responsible for most of the construction delays and cost overruns in relation to the first phase.

Therefore, it is my conclusion is that both UBG and Caleron crafted the lot sale agreement to deal with the circumstances they were experiencing in the development of Phase 1. The purchase price per lot was clearly consistent with the Letter of Intent and the Joint Venture Agreement, namely $300,000. The concept of a 20% deposit set out in the Letter of Intent and the Joint Venture Agreement appears to have been replaced with a 10% deposit, because that was all that was required by TD Bank for the financing. The timing of the payment of the balance of the cash to close was stated to be "the earlier of April 1, 2008 or the completion of servicing, subdivision issuance of building permits. The bottom line was that all of the lots would be paid for by no later than April 1, 2008. No issues were raised at this time by Mr. Slater on behalf of Caleron, that this was unfair to him or Caleron, or that it was contrary to the obligation that he alleges an argument now on Greenboro's part to pay for all 74 of the lots. He even agreed with the deposit reduction.

As the development proceeded it became obvious that there was not going to be a subdivision plan available or building permits issued prior to April 1, 2008, and that an extension of that date would be required. Meetings took place between UBG and Caleron in late spring and early summer of 2008 with a view to extending that deadline. Greenboro asked for its obligation to close on the lots to be tied to the date they were sold to third party purchasers. This clearly was an amendment to the provision set out in the Letter of Intent and Joint Venture Agreement and would delay the payment of monies to the Joint Venture more than the original lot purchase agreement did. Mr. Slater, at this point, resisted Greenboro's request, but ultimately agreed, in exchange for the payment of $250,000 (as the balance of his management fees) for the first phase and some of his anticipated profit to bridge Caleron's financial needs until the closings took place.

I rely on Mr. Steckler's evidence with respect to the results of these meetings, the subsequent discussions between the parties and the agreement to extend the timing of closing. Caleron accepted the $250,000 and did not dispute the agreement between the parties until Caleron filed its caveat against all of the lots in March 2009, as a tactic to force Greenboro to close on all of the lots at that time, not just ones sold to purchasers and to open up negotiations for re-pricing the Phase 2 and Phase 3 lots. Although all of these matters have been resolved by the Consent Order of Mr. Justice Wilkins, I am of the view that the extension of closing took place as Mr. Steckler related in his testimony. Mr. Slater's answers on this point were vague or non-responsive. Mr. Steckler was far more credible.

I have related the history of this only to use the conduct of UBG and Caleron to assist in implying terms that will make the wording of the Letter of Intent and Joint Venture Agreement function.

One conclusion that can be drawn from this is that there was never any discussion or intent between the parties to have all 74 lot purchases close within 6 months of the Joint Venture Agreement being signed. Leaving aside the fact that no lots yet existed to be sold to Greenboro, it is possible that the purchase price could have been paid up front but that would have been highly unusual.

In short, when UBG and Caleron concluded their lot purchase agreement for Phase 1, it was actually a form of "take-down schedule" referred to in the Letter of Intent. This comment is not repeated in the Joint Venture Agreement but the Joint Venture Agreement does purport, in paragraph 14.4, to make the Letter of Intent govern if there is a discrepancy between the two agreements. The "take-down schedule" agreed to in the initial February 1, 2007 agreement does have an end date of April 1, 2008, which is consistent with the somewhat arbitrary six month period that appears in both the Letter of Intent and Joint Venture Agreement. The lot purchase agreement did mandate earlier closings, which were tied to the completion of services, subdivision and the issuance of building permits.

Whether it was the six month date or the February 1, 2008 date, my finding is that these were always genuine "best guesses" by the parties as to when the phase 1 lots would be available for purchase. When there was no prospect for subdivision on April 1, 2008, the parties amended the agreement beyond what appeared to be the original concept was in the Letter of Intent and the Joint Venture Agreement, by predicating Greenboro's obligation to close on sales to third parties rather than the point in time when the lots were subdivided, serviced and available to building permits. This additional benefit to arguably UBG, and their related company Greenboro, was arranged with Caleron's consent in exchange for the $250,000 payment. This aspect went beyond the original intention in my view.

I find that all of these arrangements with respect to the Phase 1 lots were with respect to Phase 1 only and the lot purchase agreement and its various amendments were not determinative of how the Phase 2 and Phase 3 lots would be dealt with in a lot purchase agreement between Greenboro and the Joint Venture. What the evidence does show is that the parties were attempting to tie the purchase of the lots by Greenboro to their

development, servicing, subdivision and the availability of development permits. Dates were selected to hopefully coincide with that timing and amended when they proved to be unrealistic.

Going forward, I find that nothing has changed the obligations of the Joint Venture to sell the lots at $300,000 per lot to Greenboro and the obligation to UBG to arrange the sales. Caleron's arguments that it should be "market price" is contradicted by the specific provisions of both the Letter of Intent, the Joint Venture Agreement and the fact that the $300,000 price was maintained throughout the three year development of the Phase 1 lots. The use of the word "market price" in paragraph 4.2 of the Joint Venture Agreement is simply descriptive, and the parties clearly agreed that the price was $300,000. This appears in 4.1.8 and as well in the Letter of Intent in paragraph 6. UBG and Greenboro have done nothing that would disentitle them to that pricing for the next two phases. Initially, it was represented in both Mr. Williams and Mr. Slater's evidence as being a discount to the market price in 2006, as an incentive to have UBG join the Joint Venture and close on the land assembly. There is no appraisal or other evidence that $300,000 is still a discount in the Calgary market today. However, that is irrelevant; I find that the parties have clearly agreed on the price. It is an incentive UBG has earned it by funding all of Caleron's obligations.

The only thing for me to determine now is the timing of the execution of the Phase 2 and Phase 3 agreements and the timing for the payment of the balance of the purchase price. There will be a requirement for presales to a builder for any commitment letter that the Joint Venture negotiates for either Phase 2 or Phase 3. Therefore I believe that the lot purchase agreement for the lots in Phase 2 and Phase 3 should be timed to coincide with the commencement of development of each phase. That would be March of 2012 for Phase 2 once the Richards Lands have been vended into the Joint Venture and this decision has resolved the differences between the parties to the litigation. The wording of both the Letter of Intent and the Joint Venture Agreement are clear that the price for each lot is to be $300,000, the deposit will be 20% and, I believe, the balance should be payable upon registration of the subdivision plan. I believe that event is most consistent with the arbitrary attempts to guess that date by the parties with the original "six months" in the Letter of Intent and the Joint Venture Agreement and then the subsequent date of April 1, 2008 in the initial lot purchase agreement for Phase 1. Greenboro will be obligated to pay the full purchase price on that date, which will not be dependent on sales to third parties as that was a relaxation of the original intent for which special consideration was given. The same process should be repeated for Phase 3.

Caleron has suggested that the Joint Venture Agreement has been frustrated by the inability of the Joint Venture to close the sales of the three phases, or at least the first phase in time to facilitate Caleron's "self-financing" version of the Letter of Intent and Joint Venture Agreement. They also claim that the Joint Venture Agreement has frustrated by the delays and the inability to develop Phase 2 and Phase 3 as quickly as planned. I think this mostly related to lot purchase price concerns by Caleron, but I do not find that the agreement has been frustrated. But for the litigation between the parties, mostly initiated by Caleron, Phase 2 and Phase 3 can clearly be developed based on the evidence put before me as to their approval status. As well the most

significant impediment has been the failure of Caleron to vend the Richards Lands into the Joint Venture.

Caleron relied on *Focal Properties Ltd. v. George Wimpey (Canada) Ltd. (1974) 6 O.R. (2d)3, 51 D.L.R. (3d) 647 (O.S.C.); affirmed by (1975) 14 O.R. (2d) 295, 73 D.L.R. (3d) 387 (O.C.A.); affirmed on other grounds by [1978] 1 S.C.R. 2. TAB 7,* to suggest that the Joint Venture Agreement has been frustrated in similar circumstances. I agree with the submissions of UBG that the Focal case can be distinguished and the parties are not "locked eternally in a stalemated embrace". Unlike the Focal situation, once the issues in this litigation are resolved, both Phase 2 and Phase 3 are easily developable without any impediment that would lead to frustration. Most of the impediments to concluding the development have been put forward by Caleron in refusing to proceed with the transfer of the Richards Lands, attempting to change or negate the obligation of the Joint Venture to sell the lots to Greenboro and generally prolonging the litigation.

THE WANKLYN MORTGAGE ISSUE

The determination of this issue is probably the most clear cut. The issue is simply whether Caleron was required to pay its proportionate share of a Vendor Take Back Mortgage granted by the Montreux Joint Venture to the vendors. My references to the Montreux Joint Venture will, of course, refer to 1199032 Alberta Ltd., the nominee corporation set up by Caleron, UBG and Mr. Slater to hold the assets of the Montreux Joint Venture pursuant to a Trustee Agreement dated February 15, 2006.

The acquisition of the Wanklyn Lands included a Vendor Take Back Mortgage in the amount of $2,200,000.00. The agreements deal with this as set out below:

1. Clause 7 of the Letter of Intent of February 13, 2006, as follows:

> *7. The Agreement will contain a standard clause that the deals with a reduction in a participant's Joint Venture interest if they do not pay their share of the Vendor Mortgage offered by the Vendors.*

2. Clause 2.5(c) of the Joint Venture Agreement dated February 27, 2006, is as follows:

> *(c) UBG and Caleron shall provide Capital Contributions to the Joint Venture to cover principal and interest payments on the Wanklyn VTB Mortgage or other financing required in the purchase of the Wanklyn Lands, in such proportions which, result in each Party contributing an amount equal to its respective Proportionate Share. For greater certainty, assuming the current equal Proportionate Shares, based on an assumed down payment for the Lands of 50% of the purchase price for the Lands, UBG will contribute 50% of the VTB Mortgage principal together with interest thereon and Caleron will contribute 50% of the VTB Mortgage principal together with interest thereon. The principal portion of the*

VTB payments shall form part of the Capital Contributions of the paying Joint Venturer and the interest portion of such payments shall be the paying Joint Venturer's financing cost thereof which shall not form part of its Capital Contributions.

In my view these provisions are clear and consistent, and require both of Caleron and UBG to pay half of the principal amount of the Vendor Take Back Mortgage, as well as any accruing interest and costs. I accept the evidence of UBG that, in addition to the financing arrangements with TD Bank, which paid out half of the mortgage by charging Montreux Joint Venture lands, UBG advanced the sum of $1,170,000.00 as a capital contribution to the Montreux Joint Venture to payout the Wanklyn Vendor Take Back Mortgage. Caleron has contributed nothing to this final payment. This money has been owed to the Joint Venture by Caleron since November of 2007. Caleron is aware of this debt, but has not paid interest on it, or offered to pay it out. Therefore I find it appropriate to direct that a proportionate reduction in Caleron's interest in the Joint Venture be ordered pursuant to paragraph 2.8 of the Joint Venture Agreement.

THE RICHARDS LANDS ISSUES

Under this heading I will deal with (a) ii-iv of the list of issues. First it is necessary to set out the relevant provisions of the Letter of Intent and the Joint Venture Agreement.

1. Letter of Intent provision:

1. The Joint Venture will permit UBG Alberta Builders Inc. to acquire a fifty (50.0%) percent interest in the Lands together with Caleron Properties Ltd. (Caleron)owning the remaining fifty (50%) interest. UBG Builders agrees to pay 100% of the cash required to close the purchase of the Wanklyn/Zeer Lands.

Caleron shall be responsible for 100% if all costs respecting the purchase of the Richards Lands. The Richards land shall be transferred to the Joint Venture or its Trustee Company on a free and clear basis prior to March 31st, 2007 at a price of $550,000 plus any reasonable acquisition or carrying costs associated with the said property. The Joint Venture or its Trustee Company shall have the right to register a caveat on title of the subject property in order to protect its interest in the said land.

In the event either UBG Builders or Caleron fails to advance its contributions (cash or land) then there interest in the Joint Venture shall be proportionately adjusted.

2. Joint Venture Agreement provision:

2.5(b) Caleron shall advance an amount on account of its Capital Contributions equal to the cash required to complete

> *the purchase of the Richards Lands for the Joint Venture prior to the Lands being developed. For greater certainty, Caleron shall be solely responsible for discharging all mortgages and other financial encumberances currently registered on the Richards Lands and shall not further encumber these Lands. Caleron shall hold the Richards Lands in Trust for the Joint Venture.*

The Letter of Intent and Joint Venture Agreement were clear that UBG has the obligation to make all of the cash payments necessary to close on the Wanklyn Lands, with the parties splitting the Vendor Take Back Mortgage responsibility. It was equally clear that Caleron had the obligation under these provisions to transfer the Richards Lands to the Joint Venture nominee company and would be credited with a Capital Contribution of $550,000 for doing so. It was also equally clear from this wording that at the time of such transfer title was to be free and clear of all encumbrances. Caleron did not acquire title to the lands from Mr. Slater until November 9, 2009, after Mr. Slater consolidated the Glassman/Sagal interests with his own 11/17 interest. At the time he transferred the full 17/17 interests to Caleron on November 9, 2009, there were two mortgages registered on title to First Calgary Savings and Credit Union, in the aggregate amount of $654,000. Pursuant to the provisions of the Joint Venture Agreement, those mortgages were to be discharged at Caleron's expense prior to vending the Richards Lands to the nominee company for the Montreux Joint Venture. The First Calgary mortgages were actually discharged at the time of the Caleron purchase and were replaced with a new mortgage in the amount of $600,000 in favour of Provident Mortgage Corp. on November 12, 2009 and another mortgage in the amount of $200,000 in favour of Neufeld Capital Inc. on December 22, 2009. The most disconcerting revelation with respect to the latter two mortgages was that after a portion of the proceeds from these mortgages were utilized to payout the two First Calgary mortgages, a very substantial sum in the amount of $300,064 was received by Caleron as "equity take-out proceeds" and was utilized by Caleron for purposes other than the Montreux Joint Venture.

While the timing of Caleron's obligation to vend the Richards Lands to the Montreux Joint Venture may have been uncertain from the agreements, along with the accompanying obligation to clear the title of encumbrances (which would have included the two First Calgary Mortgages), it was exceedingly clear, from paragraph 2.5(b) that Caleron had an obligation not to encumber the lands further and that the lands were held in trust for the Montreux Joint Venture.

As a Trustee for the Joint Venture in its ownership of the Richards Lands, it is trite law that Caleron had a duty of good faith to the Joint Venture as the beneficial owner of the lands. The increased debt level of the mortgages placed on these lands was a clear breach of that obligation, and all the more egregious given Mr. Slater's frequent claims during his testimony that neither he nor Caleron had any money to fund their Joint Venture obligations. If that ends up being the case, UBG and the Joint Venture are burdened with paying out the Provident and Neufeld mortgages in full in order to incorporate the Richards Lands into Phase 2 and Phase 3 of the development, adding $800,000 in costs that should have been paid by Caleron.

The uncertain issue in relation to the Richards Lands is the timing of Caleron's obligation to vend those lands to the Joint Venture. In paragraph 1 of the Letter of Intent, there is a clear obligation for those lands to be transferred by March 31, 2007. In paragraph 2.5(b) of the Joint Venture Agreement, this date no longer appears, and the Richards Lands are to be transferred to the Joint Venture "prior to these lands being developed." Mr. Slater, in his testimony said that the difference in wording arose during the two weeks between the execution of the Letter of Intent and the Joint Venture Agreement, because both Caleron and UBG knew at that time that the lands might not be ready for development by the March 31, 2007 deadline. Therefore the date was deliberately made more flexible in the Joint Venture Agreement. I am not certain from the testimony what clarified that speculation during that two weeks interval, but Mr. Williams was consistent in his testimony that the March 31, 2007 date was the date which the parties both felt at the time of execution of the Letter of Intent would be the date for the commencement of Phase 2 development which would utilize part of the Richards Lands. Although paragraph 14.4 of the Joint Venture Agreement says that if there is "any discrepancy as between the Letter of Intent than this agreement, the provisions of the Letter of Intent shall govern" I find from the subsequent conduct of the parties and corroborated by their testimony that the March 31, 2007 date in the Letter of Intent was an attempt to fix a date where Phase 2 was to start. This was later abandoned in the Joint Venture Agreement either deliberately or inadvertently.

The parties conducted themselves as though the Joint Venture Agreement provision was determinative of the issue during the entire period of the development of the Phase 1 lands. Specifically, UBG never demanded the conveyance of the Richards Lands, although Caleron really never had the ability to do so until November 9, 2009. Elaborate arguments were made over favouring one or the other with contractual interpretation texts and case law. However I find the wording to be consistent especially in the context of the conduct of the parties. The first time that the exclusion of the Richards Lands from the Joint Venture would have become problematic for the development of Phase 2 the parties were already embroiled in the litigation that gave rise to this arbitration.

Therefore, absent the litigation and assuming the arbitration decision makes the development of the Phase 2 and Phase 3 lands possible and imminent, the Richards Lands will now have to be conveyed to the Joint Venture by Caleron, free and clear of all encumbrances. This must occur by close of business on February 29, 2012 failing which Caleron will be required to transfer the Richards Lands to the Montreux Joint Venture, subject only to the encumbrances existing as at the date of this Decision and the Joint Venture shall be at liberty to discharge the encumbrances and a further proportionate reduction shall be made to Caleron's interest in the Joint Venture.

The consequences of Caleron's breaches of the Joint Venture Agreement in its duties as a Trustee are really subsumed into the proportionate reductions granted in this decision as the "management directives" requested by UBG will be partially implemented. However, even without the other defaults and breaches of Caleron, I would have put in place the management directives for this reason alone. Especially after UBG allowing Caleron to finance its purchases of the related Godfrey Lands in the Joint Venture financing and carrying Caleron for the Wanklyn payment and overruns. I hereby authorize the Montreux Joint Venture through its nominee to file a caveat by

virtue of the interest in the Richards Lands created by the Joint Venture Agreement and this decision.

COST OVERRUN PROJECT EXPENSES

I find from the evidence that Caleron owes UBG $653,000 as a result of capital injections made by UBG on Caleron's behalf during the development of the Phase 1 lands. The evidence clearly showed that Mr. Slater and Caleron were aware of and approved virtually all of these expenditures, and they either represented items in excess of the budgets prepared by Caleron and Mr. Slater or they were budgetary items that could not be financed with the TD Bank financing, and therefore had to be paid for by capital injections from the two Joint Venture partners in accordance with 2.6 of the Joint Venture Agreement. In any event, Caleron clearly owes UBG this amount. The only issue to be determined is whether the non-payment is to be remedied by a further proportionate reduction, or whether Caleron has an opportunity to repay that amount with interest calculated thereon from the date of each advance at 12% per annum in accordance with the e-mail of November 9, 2007 from Mr. Paul Steckler of UBG to Mr. Slater of Caleron, which summarises a meeting that took place between them on November 8, 2007. I found Mr. Steckler's testimony throughout to be candid and reliable. Although in his e-mail he reserved the right on behalf of UBG to invoke a proportionate reduction at any time, he conceded that this was not actually discussed with Mr. Slater in the meeting. Mr. Slater's testimony was consistent with that. Given that UBG did not attempt to invoke a proportionate reduction until the commencement of litigation in between the parties, I do not need to consider the issues of estoppel raised by both parties in this regard. Until the entire foundation of the Joint Venture was being litigated, a 12% arrangement was in place and I agree with arguments from Caleron that reasonable notice for reinstating the proportionate reduction remedy had to be more than the week given in Mr. Steckler's April 28, 2009 letter. I agree with and apply the rationale in *Saskatchewan River Bungalows Ltd. v. Maritime Life Assurance Co. [1994] 2 S.R.S. 490* put forward in Caleron's argument.

Caleron suggest in evidence and in its materials that its contribution to some deposits made by the nominee company of the Joint Venture on at least one if not two pieces of land in Canmore should be credited to their shortfalls in capital contributions to the Joint Venture. UBG is not claiming its portion of those capital contributions and in my opinion based on the evidence they were to be separate transactions and to the extent the nominee company was used it was only because of expediency. Had either of those transactions ever proceeded they would have been set up as separate Joint Ventures. Therefore all monies contributed for potential developments other than Mystic Ridge are to be excluded from the Montreux Joint Venture.

I am prepared to give Caleron until close of business on January 31, 2012 to repay these monies. UBG shall be directed to provide a payout statement as of January 1, 2012, with a per diem up to and including January 31, 2012, at 12% interest per annum. If Caleron does not repay this amount in full by close of business on January 31, 2012 then UBG shall be at liberty to invoke a further proportionate reduction for the capital injections, without interest, resulting in a further adjustment and reduction to Caleron's

proportionate share to 17.05% assuming both Wanklyn and Richards lands proportionate reduction have occurred.

THE MAMMONE LOT PURCHASE ISSUE

I have attached Schedule "A" from the Revised Brief of Argument of UBG with five coloured lots noted on the proposed subdivision plan for portions of the Wanklyn and Richards Lands ultimately to be subdivided into Phase 2 and Phase 3. Caleron, under the terms of both the Letter of Intent and the Joint Venture Agreement was entitled to purchase one lot of its choice from either of the three phases for the same price and on the same terms as Greenboro.

It was interesting that when Mr. Slater was cross examined on what those sales terms would be he conceded that they would be linked to the subdivision of that lot. This is the same argument being put forth by UBG and what I have decided best represents the original agreement between the parties in the Joint Venture Agreement and Letter of Intent. Schedule "A" shows five coloured lots. Upon subdivision the yellow lot its to be sold to Glassman, as mentioned earlier. The pink lot and the green lot will be subdivided from what was purchased by Caleron and known as the Godfrey Lands once they are subdivided from the Wanklyn Lands. At the start of the Joint Venture Agreement Mr. Slater and Caleron were free to sell the pink and green lots to whomever they wished subject of course to the subdivision issue. Caleron's election of its one lot from the three phases as it was entitled to under the Joint Venture Agreement has caused some confusion as to which lot Caleron is electing and whether or not that lot was previously sold by Caleron to another party.

Initially, and without UBG's knowledge Caleron entered into an agreement with Basile Alefantis and Vicky Vasso Alefantis ("Alefantis") to purchase the green lot, which Caleron or Mr. Slater would ultimately own. Later Alefantis and Mr. Slater changed their minds and Alefantis decided that they wanted to purchase the orange lot and Mr. Slater sought and received the consent of UBG in the Joint Venture to trade what would become the Joint Venture's orange lot for the green lot so that Caleron could sell the orange lot to Alefantis and the Joint Venture would receive the green lot as compensation. All of this was fine until Mr. Slater and Caleron entered into a lot purchase agreement on January 16, 2009 with Antonio and Karen Mammone ("Mammone") whereby Caleron agreed to sell the blue lot yet to be subdivided from the Richards Lands, to Mammone. During the arbitration hearing Mr. Slater advised that Caleron and Mammone had subsequently agreed to exchange the blue lot for either the green lot or the pink lot from the Wanklyn Lands without informing UBG.

RELIEF GRANTED

PROPORTIONATE REDUCTION FORMULA

I will return to the list of issues and deal with my decisions as to relief in each instance in which I will be imposing a proportionate reduction in Caleron's Joint Venture interest. I will be utilising the formula suggested by UBG in their written submissions which accurately reflects the formula described in paragraph 2.8(b)(i)(ii) of the Joint Venture Agreement. It is as follows:

(a) Required Contribution = [Requires Contribution Proportion] – [Paid Capital Contributions Proportion]

(b) Required Contributions Proportion = $\frac{\text{Defaulting Joint Venturer's Required Capital Contributions}}{\text{Total Required Capital Contributions}}$

(c) Paid Capital Contributions Portion = $\frac{\text{Defaulting Joint Venturer's Paid Capital Contributions}}{\text{Total Paid Capital Contributions}}$

(d) Adjusted Proportionate Share = [Initial Proportionate Share] – [Proportionate Reduction]

My rulings as to relief on each of the issues have been stated above and can be summarized as follows:

MAMMONE LOT DECLARATION

Currently, both the blue and green lots, when subdivided, will be owned by the Montreux Joint Venture (as the blue lot always was). The green lot was traded by Caleron to the Joint Venture to facilitate Mr. Alefantis' acquisition of the orange lot. This arbitration decision cannot affect Mammone's rights, but UBG is seeking a declaration that both the blue and green lots are owned by the Montreux Joint Venture. I hereby make that Declaration. Whichever of the blue or green lots that Caleron decides to sell to Mammone will, by this Decision, be declared to be the lot selected by Caleron for purchase pursuant to clauses 4.1.8 and 4.2 of the Joint Venture Agreement. Caleron already has an obligation to enter into a purchase agreement for that lot with the Joint Venture, so an assignment of the first $300,000 of sale proceeds is unnecessary. UBG will control the management of the Joint Venture after this Decision, and will be able to adequately protect its interests in contracting for and transferring either of the two lots to Mr. Caleron for resale to Mammone.

Although there were suggestions that Mr. Slater and Caleron's activity in these various lot sales, including retaining a deposit and failing to inform UBG of Mammone's intention to purchase the green lot, were further examples of bad faith on their part, I do not find that to be the case. Although confusing, and likely something he should have advised his Joint Venture partner of, Caleron had the right to one lot and was going to be able to sell the pink and green lots as he saw fit after subdivision. Mr. Slater did approach UBG when it was necessary to trade the green lot for the orange lot. I am satisfied from the testimony there was nothing sinister in Mr. Slater's actions in this regard. The declarations I am making should clarify the situation.

WANKLYN LANDS BREACH

Caleron's failure to pay its $585,000 share of the payout of the Vendor Take Back Mortgage for the acquisition of the Wanklyn Lands will result in a proportionate reduction of Caleron's interest in the Joint Venture of 14.34% percent calculated in accordance with the following formulae:

If the Richards Lands and the Project expenses Capital Contributions are excluded from the calculation, Caleron's Proportionate Reduction under Clause 2.8 of the JVA, considering only UBG's payment in full of the Wanklyn VTB Mortgage, is calculated as follows:

(a)	Caleron's Required Contribution Proportion	=	$\frac{.585}{1.170 + 2.360 + .550}$	=	$\frac{.550}{4.08}$	= 14.34%
(b)	Caleron's Paid Capital Contributions Proportion	=	$\frac{0}{1.170 + 2.360}$	=	$\frac{0}{3.53}$	= 0%
(c)	Caleron's Proportionate Reduction	=	[14.34% - 0%]			= 14.34%
(d)	Caleron's Adjusted Proportionate Share	=	[50% - 14.34%]			= 35.66%

By reason of the foregoing and by operation of Clause 2.8 of the JVA, as a result of the Proportionate Reduction in Caleron's Proportionate Share, there will be a corresponding reduction in the following:

(a) Caleron's Proportionate Share of the profit sharing;

(b) Caleron's Proportionate Share of the Project Expenses and Capital Contributions;

(c) Caleron's voting interests at the Management Committee; and

(d) Caleron's interest in the Joint Venture Lands.

By reason of the foregoing and by operation of Clause 2.8 of the JVA, as a result of the consequential 14.35% increase in UBG's Proportionate Share, there will be a corresponding increase in the following:

(a) UBG's Proportionate Share of the profit sharing;

(b) UBG's Proportionate Share of the Project Expenses and Capital Contributions;

(c) UBG's voting interests at the Management Committee; and

(d) UBG's interest in the Joint Venture Lands.

All of the above will be equally applicable to any further proportionate share adjustment arising from the relief granted herein with respect to the Richards Lands Breach and the Cost Overrun Breach.

As UBG now becomes the majority interest, I am also prepared to issue the following management committee meeting directives to clarify the obligations of the parties at management committee meetings, which I order should take place no less than once a month at UBG's offices, with reasonable notice to Mr. Slater and Caleron and such

meetings shall fully disclose all aspects of the ongoing development. The directives are as follows:

(a) all documents approved at a Management Committee Meeting, pursuant to UBG's majority vote, shall be deemed to have been approved by both UBG and Caleron;

(b) on direction and approval by the Management Committee, pursuant to UBG's majority vote, UBG shall be authorized to sign all documents, legal or otherwise, for the Montreux Joint Venture, without the necessity of any signature by Caleron, and such executed documents shall be binding upon both UBG and Caleron;

(c) on direction and approval by the Management Committee, pursuant to UBG's majority vote, UBG shall be authorized to make such decisions, take such actions and sign all resolutions and documents, legal or otherwise, for and on behalf of 1199032 Alberta Ltd., otherwise requiring the unanimous consent or agreement of both UBG and Caleron, without the necessity of the consent, agreement or signature of Caleron, and such decisions, actions, resolutions and executed documents shall be binding upon 1199032 Alberta Ltd., UBG and Caleron;

(d) on direction and approval by the Management Committee, pursuant to UBG's majority vote, UBG alone shall be authorized to sign all cheques on bank account(s) of 1199032 Alberta Ltd., which would otherwise require the signatures of both UBG and Caleron;

(e) The decisions set out in 3.5.9(a) will still require the unanimous vote of both UBG and Caleron.

It also follows from this decision that UBG is entitled to replace Caleron as the manager for Phase 2 and Phase 3 and earn the 5% development fee that was previously payable to Caleron. UBG is hereby authorized to engage a third party manager at no greater cost. If it so chooses, it can retain Caleron again.

RICHARDS LANDS BREACH

I hereby order that the Richards Lands be conveyed by Caleron to the Montreux Joint Venture's nominee, free and clear of all encumbrances, by close of business on February 29, 2012 failing which Caleron will be compelled to transfer the Richards Lands to the Montreux Joint Venture's nominee subject only to the encumbrances existing as of the date of this decision. The Joint Venture shall then be at liberty to discharge the encumbrances by paying them out. In that event a further proportionate reduction shall be made to Caleron's interest in the Joint Venture, calculated as set out below (and including the prior proportionate reduction for the Wanklyn Mortgage default) such that the remaining adjusted proportionate share of Caleron will be 23.05%.

In the event that UBG pays the Provident and Neufeld Mortgages and the Richards Lands are transferred to the JV free and clear and such contributions are included in the

calculation, and taking into consideration UBG's payment in full of the Wanklyn VTB Mortgage, Caleron's Proportionate Reduction under Clause 2.8(b) of the JVA, would be calculated as follows:

(a)	Caleron's Required Contribution Proportion	=	$\frac{.585 + .550 + .800}{1.170 + 2.360 + 1.350}$	=	$\frac{1.935}{4.880}$	= 39.65%
(b)	Caleron's Paid Capital Contributions Proportion	=	$\frac{.550}{1.170 + 2.360 + .800}$	=	$\frac{.550}{4.33}$	= 12.7%
(c)	Caleron's Proportionate Reduction	=	[39.65% - 12.7%]			= 26.95%
(d)	Caleron's Adjusted Proportionate Share	=	[50% - 26.95%]			= 23.05%

I also order that the actual payout amounts for the Provident and Neufeld mortgages be used in determining whether $500,000 is the proper component of the numerator in (a) above.

COST OVERRUN BREACH

I order that Caleron is given until close of business on January 31, 2012 to repay the sum of $653,000 to UBG, with interest at 12% per annum calculated from the date of each capital contribution by UBG. This shall be in accordance with a payout statement with a per diem to be provided as of January 1, 2012 by UBG. In the event that Caleron does not repay this amount in full by close of business on January 31, 2012, I then order a further proportionate reduction for $653,000, resulting in a further adjustment and reduction to Caleron's proportionate share in the Joint Venture to 17.05%, calculated as follows (and including the prior proportionate reduction) for the Wanklyn Breach and Richards Breach:

If the Project Expenses Capital Contribution is included in the calculation, in addition to UBG's payment in full of the Wanklyn VTB Mortgage, and in the event that UBG pays out the Provident and Neufeld Mortgages and the Richards Lands are transferred free and clear to the JV, Caleron's Proportionate Reduction under Clause 2.8(b) of the JVA, would be calculated as follows:

(a)	Caleron's Required Contribution Proportion	=	$\frac{.585 + .653 + .550 + .800}{1.170 + 2.360 + 1.350 + 1.306}$	=	$\frac{2.588}{6.86}$	= 41.84%
(b)	Caleron's Paid Capital Contributions Proportion	=	$\frac{.550}{1.170 + 2.360 + 1.350 + 1.306}$	=	$\frac{.550}{6.86}$	= 8.89%
(c)	Caleron's Proportionate Reduction	=	[41.84% - 8.89%]			= 32.95%
(d)	Caleron's Adjusted Proportionate Share	=	[50% - 32.95%]			= 17.05%

In the event that Caleron has conveyed the Richards Lands free and clear to the Montreux Joint Venture and a proportionate reduction has not occurred for that event in accordance with the following calculations:

If only the Project Expenses Capital Contribution is included in the calculation, together with UBG's payment in full of the Wanklyn VTB Mortgage, Caleron's Proportionate Reduction under Clause 2.8(b) of the JVA, is calculated as follows:

(a)	Caleron's Required Contribution Proportion	=	$\frac{.585 + .653}{1.170 + 2.360 + 1.306}$	=	$\frac{1.238}{4.836}$	= 25.56%
(b)	Caleron's Paid Capital Contributions Proportion	=	$\frac{0}{1.170 + 2.360 + 1.261}$	=	$\frac{0}{4.791}$	= 0%
(c)	Caleron's Proportionate Reduction	=	[25.56% - 0%]			= 25.56%
(d)	Caleron's Adjusted Proportionate Share	=	[50% - 25.56%]			= 24.44%

PHASE 2 AND PHASE 3 OBLIGATIONS

The Montreux Joint Venture, through its nominee, is to enter into a lot sale agreement with Greenboro at the time of commencement of development of each of Phase 2 and Phase 3 subdivisions. Each lot purchase agreement will be for a price of $300,000 per lot, with an immediate 20% down payment on all of the lots in the proposed subdivision. The offer is to be unconditional other than satisfactory registration of the subdivision plan and the balance due and payable for all lots will be paid by Greenboro to the Joint Venture immediately upon registration of the subdivision plan. The lot purchase agreement should attach a tentative subdivision plan for that particular phase.

This should settle the issues between UBG and Caleron and facilitate the orderly development of the Phase 2 and Phase 3 lands.

COSTS

The Arbitration Agreement provides for each party to bear its own costs of the arbitration and to split the costs of the Arbitrator. As I mentioned earlier, there were several admitted failures by Caleron to comply with the Arbitration Agreement with respect to deadlines for filing its Statement of Position, the content and format of that Statement of Position and providing witness lists. These various defaults did cause some extra costs on the part of the Arbitrator and certainly made preparation of materials and witnesses more difficult and fraught with more risk for counsel for UBG. This no doubt resulted in extra time on their part. While many of the previous directions I have given attempted to ameliorate the impact of these beaches, I still feel it is necessary to order that Caleron pay the sum of $10,000 towards legal costs of UBG forthwith.

CORPORATE NOMINEE

I also order that the shareholdings in 1199032 Alberta Ltd. be adjusted to be consistent with the proportionate interests of UBG and Caleron as ultimately adjusted by this decision.

Subject to any issues in relation to the Consent Order that need to be determined by me pursuant to section 36 of the Arbitration Agreement these are my decisions.

Richard H. Kennedy
Arbitrator

SCHEDULE "A"

0001695

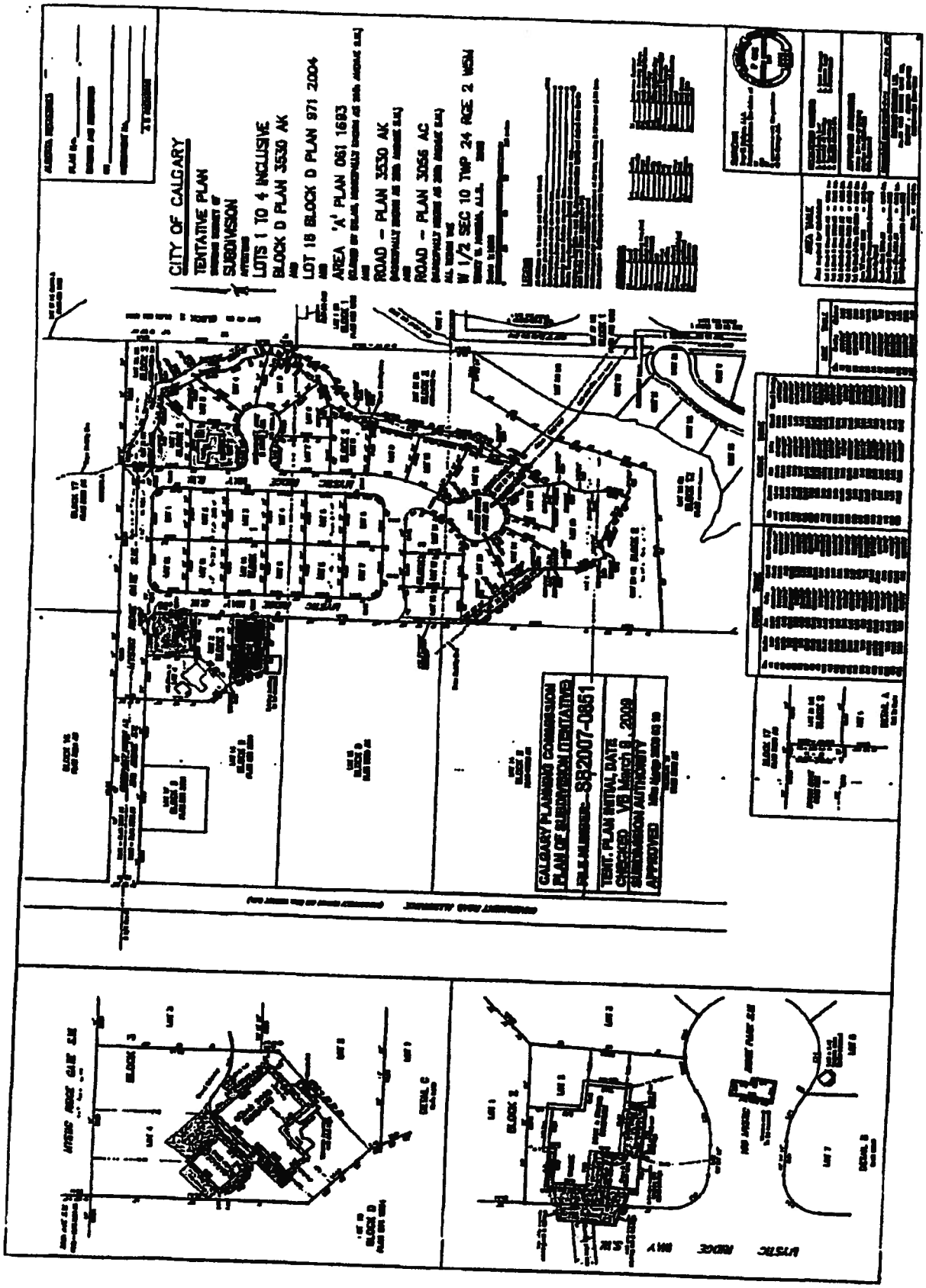

Exhibit "10"

THIS IS EXHIBIT "10"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
S. Paredes
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

THIS NOTICE is given on the 10th day of July, 2012.

VIA HAND DELIVERY &
FAX: 403-207-3074 & 403-275-7514

To: UBG Builders Inc.
And to: Tom Chisholm, President and Chief Executive Officer

To: UBG Land Inc; and UBG Alberta Builders (2006) Inc., also known as UBG Alberta Builders Inc.
And to: The Directors of UBG Land Inc. and UBG Alberta Builders Inc.

RE: MONTREUX JOINT VENTURE AGREEMENT
Entered into on February 27, 2006
Exercise of Section 9.1 "Option to Purchase"

This Notice is provided to you pursuant to Section 9.1 of the Montreux Joint Venture Agreement (the "Agreement"). A copy of entire the Agreement is attached hereto.

As you are aware, Caleron Properties Ltd ("Caleron") and UBG Alberta Builders Inc. entered into the Montreux Joint Venture Agreement on February 27, 2006. Subsequent thereto, UBG Alberta Builders Inc. assigned its rights to UBG Land Inc. Caleron understands that UBG Land Inc. and UBG Alberta Builders Inc. are directly or indirectly owned by UBG Builders Inc.

Section 9.1 of the Agreement reads as follows:

> **In the event of** the insolvency or bankruptcy of either Joint Venturer or **the filing by or on behalf of the Joint Venturer for relief under the Companies' Creditors Arrangement Act** or the Bankruptcy and Insolvency Act or of the transfer, voluntary or involuntary by any Joint Venturer of its interest in the Joint Venture Property or control thereof to any creditor, (or to any receiver or receiver-manager of any creditor(s)) in total or partial satisfaction of any debt, obligation, judgment or other liability (any trustee or receiver of such Joint Venturer or its assets or any such creditor being herein called an "Involuntary Transferee" and the bankrupt Joint Venturer or the Joint Venturer whose interest passes to the Involuntary Transferee being herein called the "Debtor Party"), **the other Joint Venturer shall have the option to purchase the entire interest in the Joint Venture Property of the Debtor Party or the Involuntary Transferee, as the case may be, by giving written notice of its election to purchase the same within ninety (90)** Business Days after Debtor Party's interest in the Joint Venture Property or control thereof has been transferred to or vested in the Involuntary Transferee. *Emphasis added.*

UBG Builders Inc, UBG Land Inc; and UBG Alberta Builders (2006) Inc. (collectively "UBG") recently filed for relief under the Companies' Creditors Arrangement Act; thus triggering Section 9.1 of the Agreement.

Pursuant to the procedures set out in Sections 9.1 - 9.3 of the Agreement, Caleron hereby exercises its option provided therein and hereby offers to purchase UBG's entire interest in the Joint Venture Property.

As Caleron is not a creditor and is simply exercising its contractual rights under the Agreement, Caleron asserts that this offer to purchase is not subject to any stay that is in place pursuant to the Companies' Creditors Arrangement Act.

Note that, failure on your part to reply to this offer shall be interpreted or construed as an acceptance of this offer in its entirety and the purchase price shall be determined pursuant to Section 9.2 of the Agreement.

Yours sincerely,

Ronald Slater,
on behalf of Caleron Properties Ltd

Exhibit "11"

THIS IS EXHIBIT "11"
referred to in the Affidavit of
Tom Chisholm
Sworn before me this 4th
day of April A.D. 2013
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

FMC
— LAW —

Fraser Milner Casgrain LLP
15TH Floor, Bankers Court
850 - 2ND Street SW
Calgary, AB, Canada T2P 0R8

MAIN 403 268 7000
FAX 403 268 3100

July 31, 2012

David Mann
david.mann@fmc-law.com
DIRECT 403 268-7097
File No.: 549362-1

DELIVERED VIA EMAIL

Scott Venturo LLP
203, 200 Barclay Parade S.W.
Calgary, AB T2P 4R5

Attention: Lorne W. Scott, Q.C.

Dear Sir,

RE: In the Matter of the Unity Builders Group of Companies ("UBG")
Montreaux Joint Venture Agreement ("JVA") and Caleron Properties Ltd. ("Caleron")
Your File No.: 65738.002

We are counsel to UBG in connection with its current restructuring. We understand from your correspondence dated July 20, 2012 that you are counsel to Caleron. In this regard, our client is in receipt of a notice given by Caleron to UBG purporting to exercise an option to purchase UBG's interest in the JVA, dated July 10, 2012 (the "**Notice**").

As you are aware, UBG, including UBG Land Inc. and its affiliates and related entities, are presently applicants in restructuring proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**"), further to which a stay of proceedings (the "**Stay**") has been granted by Court Order dated May 9, 2012 (the "**Initial Order**"). The Stay has been extended to and including September 14, 2012, and UBG will seek to continue the Stay for so long as may be necessary to continue it's restructuring. A copy of the Initial Order is attached for your information.

As you will see from a review of the Initial Order, all rights and remedies of any person, whether individual, corporate, or otherwise, including Caleron, in respect of any one or more of the CCAA applicants or affecting the business or the property of the CCAA applicants, are stayed and suspended and no action or remedy shall be commenced or proceeded with without leave of the Court. This includes the exercise of any contractual rights that Caleron purports to exist or rely upon. In light of these provisions, UBG's position is, firstly, that Caleron is stayed from exercising any option that may be afforded to it under sections 9.1-9.3 of the JVA, and, secondly, that Caleron may be in contempt of Court by virtue of issuing the Notice. For Caleron to suggest that the Stay does not apply to non-creditors of UBG ignores not only the plain wording of the CCAA and the Initial Order, but also about 20 years of case law going back to Justice Forsyth's decision in *Norcen/Oakwood*.

Accordingly, UBG is of the view that the Notice is *void ab initio*.

Moreover, and in any event, please note UBG's position as follows:

1. No option has been, or can be, exercised by Caleron at this time. The option available to the JVA parties under section 9.1 is operational only upon the involuntary disposition of joint venture assets by a joint venture party to a receiver, trustee or creditor (each defined as an involuntary transferee). The option can only be exercised following an involuntary transfer to an involuntary transferee, within 90 days thereafter. As there has been no involuntary transfer of joint venture assets in this case (and, in fact, UBG has full possession and control of all of its business and assets relating to the joint venture), the option has not triggered and cannot be exercised.

2. Regardless, any option that purports to give any party a right to purchase assets from an estate at any type of discount is void and unenforceable as being against public policy and insolvency/restructuring laws, generally.

3. The Notice makes an offer to purchase the interest of UBG, but does not exercise an option as your correspondence of July 20, 2012 suggests, stating, that Caleron "hereby offers to purchase UBG's entire interest in the Joint Venture Property". In this regard, Caleron has not properly exercised any option (which, for the reasons set forth above, we do not believe it could have in any event), and any offer put forth by the Notice is hereby declined.

In light of the foregoing, we trust Caleron will not take further steps in purported exercise of its option to purchase UBG's joint venture interest, including the steps set out in your correspondence, dated July 20, 2012. If Caleron insists on pursuing this matter notwithstanding the foregoing please contact the undersigned - or Derek Pontin (403.268.6301) - so we can establish a protocol to have the CCAA Court hear both Caleron's position and UBG's cross-application to seek to have Caleron cited in contempt of the Stay.

Yours very truly,
Fraser Milner Casgrain LLP

for: David Mann
Partner
/dr

Cc: *Ernst & Young Inc./Attn: Mr. B Taylor*

Unity Builders Group

Fraser Milner Casgrain LLP/ Attn: Mr. D Pontin

Exhibit "12"

THIS IS EXHIBIT "12"
referred to in the Affidavit of
Tom Oberholm
Sworn before me this 4th
day of April A.D. 2013

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Felipe Alberto Paredes-Canevari
Student-at-Law

FMC — LAW —

EXHIBIT: 2
DATE Feb 1/2013
EXAM: R.W. Slater
ADELE JONES CSR(A)

Fraser Milner Casgrain LLP
15TH Floor, Bankers Court
850 - 2ND Street SW
Calgary, AB, Canada T2P 0R8

MAIN 403 268 7000
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David W. Mann
David.Mann@fmc-law.com
DIRECT: 403 268-7097
File No. 549362-1

January 25, 2013

DELIVERED VIA EMAIL

Lorne W. Scott, Q.C./ Gillian W. Holowsky
203, 200 Barclay Parade S.W.
Calgary, Alberta T2P 4R5

Dear Sir:

RE: Reorganization of the Unity Builders Group ("UBG") under the Provisions of the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") – Montreux Joint Venture (the "Montreux JV")

Thank you for speaking with us yesterday. As you know, we are counsel to UBG in connection with its restructuring under the CCAA. In this regard, we have received: (a) Caleron Properties Ltd.'s ("**Caleron**") application filed on January 22, 2013 (the "**Application**") and the supporting Affidavit of Ronald Slater sworn on January 21, 2013 (the "**Slater Affidavit**"); and (b) Caleron's letter dated January 18, 2013 regarding Caleron's offering notice to UBG Land Inc. ("**UBG Land**") to purchase Caleron's interest in the Montreux JV (the "**Offer Notice**"). This letter is in response to both the Application and the Offer Notice.

The Application

With respect to the Application, we understand that Caleron seeks three points of relief: (a) status in UBG's CCAA proceedings, (b) monthly management committee meetings, and (c) financial information.

In the current circumstances, UBG does not view the relief requested to be appropriate.

While our clients may have differing views with respect to the development of the project, UBG has never taken the position that Caleron does not have standing in UBG's restructuring proceedings. To our knowledge, the issue has never arisen and we do not see it as necessary to litigate on an isolated basis.

The Application also seeks monthly management committee meetings. It has always been and remains UBG Land's intention to hold such meetings. We are advised by UBG Land that management committee meetings were held on the first or second Tuesday of each month until they were postponed by consent in November and December. These postponements were to accommodate Tom Chisholm and Mr. Slater's respective travel schedules and holidays.

UBG Land proposes to hold the next management committee meeting at 10:00 a.m. on February 5, 2013 at UBG Land's office – formal notice of such meeting will follow in due course, but perhaps in the interim you could advise whether Mr. Slater is available at this time.

With respect to Caleron and Mr. Slater's request for financial information relating to Phases 2 and 3 at Mystic Ridge ("**Phases 2 and 3**"), we are advised by UBG Land that the budget for Phases 2 and 3 has not materially changed from the version that was previously provided. Since the revenue projections are fixed at $300,000 per lot, the only variables are the development costs. We are advised that the forecasted development costs have not materially changed since UBG Land's last report to Caleron. Any questions Caleron or Mr. Slater may have regarding the budget for Phases 2 and 3, development scenarios and performer reports, can be addressed at the next management committee meeting.

UBG Land is currently negotiating a financing arrangement for the development of Phases 2 and 3. UBG has received a draft financing term sheet from the Toronto Dominion Bank ("**TD**") pertaining to the development of numerous UBG projects, including Phases 2 and 3. The term sheet continues to be the subject of various discussion points and further negotiations. We are advised that Tom Chisholm provided Mr. Slater with a verbal report regarding what financing terms UBG Land anticipates will be in the next term sheet, but at the moment the matter remains subject to further negotiations.

Once the financing terms for Phases 2 and 3 are finalized, it is expected that UBG Land will be advancing the implementation of that agreement through the necessary channels, including the applicable provisions of the Montreux JV and UBG's current restructuring proceedings – both of which Caleron will be apprised of.

Based on the foregoing, UBG is of the view that there is no reason to proceed with the Application. UBG proposes that Caleron and Mr. Slater withdraw the Application on the basis that it could be reinstated if they are of the view that a hearing subsequently becomes necessary. If Caleron and Mr. Slater disagree with this proposal and insist on proceeding with the Application, UBG will seek an adjournment of the Application to cross-examine Mr. Slater on his affidavit. Please advise whether Caleron and Mr. Slater intend to withdraw the Application.

The Offer Notice

Our initial response to the Offer Notice is that: (a) it is stayed by the Initial Order granted in UBG's CCAA proceedings; and (b) it contains material deficiencies. UBG Land would like to question Mr. Slater on his Affidavit sworn January 18, 2013. Please advise whether Mr. Slater is available for questioning at FMC's Calgary office on Wednesday, Thursday or Friday next week.

Other Matters

The Slater Affidavit at Exhibits "E" and "F" attaches letters you sent: (a) dated December 6, 2012 to the Monitor on behalf of your clients Caleron and Ronald Slater regarding the disclosure of certain financial information and financing terms relating to the development of Phases 2 and 3; and (b) dated December 13, 2012 on behalf of the same clients to the Monitor and counsel to TD regarding your clients' objection to the development of Phases 2 and 3. Neither of these letters were addressed or copied to UBG or its counsel. In the future, it would seem appropriate that requests and inquires surrounding the Montreux JV are directed to UBG Land and its counsel. At minimum, misdirected communications such as these impair proper