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JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER	1201-06934
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
COMPANIES	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS AMENDED AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF 1252064 ALBERTA LTD. 1330075 ALBERTA LTD. AND HARVEST CAPITAL MANAGEMENT INC.
DOCUMENT	**FIFTH REPORT OF THE MONITOR** **November 21, 2012**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Cassie Riglin Telephone: 403-206-5067 / (403) 206-5139 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Cassie.Riglin@ca.ey.com **COUNSEL** McCarthy Tétrault LLP Suite 3300, 421 7th Avenue SW Calgary AB T2P 4K9 Attn: Sean Collins / Walker MacLeod Telephone: 403-260-3531 / 403-260-3710 Email: scollins@mccarthy.ca wmacleod@mccarthy.ca

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APPENDIX TO THE FIFTH REPORT

INTRODUCTION

1. On June 7, 2012, 1252064 Alberta Ltd. ("125"), 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI") sought and obtained protection from their creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended, (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order").

2. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of 125, 133 and HCMI (the "Monitor").

3. Pursuant to an Order of this Honourable Court dated August 20, 2012, the Monitor's powers were expanded to assume sole conduct and management of any and all inter-company accounts receivable and payable as may exist with any of Related Parties (as defined in the Order granted by the Honourable Court dated July 5, 2012) including the power to take such steps as the Monitor may deem necessary or advisable to realize on such accounts receivable or effect payment of such accounts payable.

4. Pursuant to an Order of this Honourable Court dated August 24, 2012, the Monitor's powers were further expanded (the "Expanded Powers") to increase the involvement and ability of the Monitor to facilitate transactions and commence realization of the Companies' assets.

5. 125, 133 and HCMI are sometimes collectively referred to as the "Companies" or the "Debtors".

6. The purpose of this fifth report (the "Fifth Report") of the Monitor is to provide this Honourable Court with the Monitor's comments in respect of the following:

    a) An update on the restructuring efforts;

    b) The budget to actual cash flow results for the period for June 7, 2011 to November 30, 2012 (the "Reporting Period");

c) The cash flow forecasts ("Forecasts") through April 30, 2013 (the "Forecast Period");

d) The Monitor's comments regarding the Companies' request for an extension of the Stay Period; and

e) The Monitor's recommendations.

7. Capitalized terms not defined in this Fifth Report are as defined in the Initial Order.

8. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND

9. Background for the Companies and their operations is contained in the materials filed in support of the application for the Initial Order including the June 5, 2012 affidavit of Mr. Ron Aitkens (the "June 5 Aitkens Affidavit"). These documents, together with other information regarding these CCAA proceedings, have been posted by the Monitor on its website at: www.ey.com/ca/foundationgroup.

TERMS OF REFERENCE

10. In preparing this Fifth Report, the Monitor has relied upon unaudited financial information, company records and discussions with former management of the Companies. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future orientated financial information relied upon in this report is based on assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

RESTRUCTURING EFFORTS

11. The Monitor with its Expanded Powers continues to review the various restructuring options available for 125, 133 and HCMI and is working towards

developing a realization strategy for their assets. Given the complexity of the related party transactions, incomplete accounting records and supporting documentation of each of 125, 133 and HCMI, the review of restructuring options has gone much more slowly than initially planned.

12. The Monitor is continuing to review of the historical sources and uses of cash for 125, 133 and HCMI in order for the Monitor to investigate the material transactions and flows of funds that occurred in each of 125, 133 and HCMI prior to these CCAA proceedings. This work has been challenging given the lack of support for many transactions. As discussed in the Third Report, through this investigation the Monitor continues to understand the intricacies around the different assets within the Companies and the priorities to those assets.

13. As anticipated in the Third Report, the Monitor expected to have the sources and uses report (the "SUF Report") completed and reported to this Court in September 2012. The Monitor advises that, due to the issues outlined above, the SUF report is expected to be completed early in 2013.

14. Once the Monitor has the SUF Report completed it will also outline the assets of 125, 133 and HCMI and the proposed realization strategy. The Monitor expects that it will take until late winter for the realization strategy to be finalized. At that time the Monitor will report to this Honourable Court and will seek to run a claims process for these entities.

FORECAST TO ACTUAL RESULTS

125

15. The cash flow forecast to actual presented at Appendix A contains the cash receipts and disbursements incurred to date for 125 as compared to the cash flow forecasts previously provided to this Court.

1252064 Alberta Ltd. ("125") Cash Flow Forecast June 7, 2012 - November 30, 2012	Forecast	Actual	Variance
Receipts	90,000	3,601,713	3,511,713
Disbursements	90,000	3,624,540	(3,534,540)
Net Cash Flows	-	(22,827)	(22,827)

16. The apparent significant positive and negative variances in the 125 cash flow forecasts represent the unanticipated sale of the Lethbridge Lands and payment of the net proceeds to IMOR the first secured lender in exchange for a partial repayment of indebtedness and a covenant from IMOR not to sue 125 for the deficiency. The Monitor views this as a positive development in the 125 CCAA proceedings. Further information on the sale of the Lethbridge Lands is contained in the Fourth Report.

133

17. No cash expenditures were made in the Reporting Period for 133, as all parties are relying on the Critical Suppliers' and Administration Charges.

HCMI

18. The cash flow forecast to actual presented at Appendix A contains the cash receipts and disbursements incurred to date for HCMI as compared to the cash flow forecasts previously provided to this Court.

Harvest Capital Management Inc. ("HCMI") Cash Flow Forecast June 7, 2012 - November 30, 2012	Forecast	Actual	Variance
Receipts	-	348,199	348,199
Disbursements	-	-	-
Net Cash Flows	-	348,199	348,199

19. The positive variance in the cash receipts for the Reporting Period relate primarily to the repayment of the Legacy Communities Inc. ("Legacy") and Airdrie Community Estates DIP Financing provided by HCMI in the spring of 2012.

20. No disbursements were made during the Reporting Period for HCMI, as all parties are relying on the Critical Suppliers' and Administration Charges.

21. The Monitor's counsel has reviewed the possibility of Legacy claiming an offset against the HCMI DIP Financing related to pre-CCAA promissory notes issued by HCMI to Legacy (the "HCMI DIP Offset"). Monitor's counsel has concluded that the better view is that Legacy is not entitled to assert legal, equitable or contractual set-off against the amounts owing under the HCMI DIP Financing due to the nature of the loans other than a relatively minor offset if Legacy was able to prove that HCMI overcharged management fees to Legacy. The total management fees paid by Legacy to HCMI were approximately $120,000.

22. The Monitor intends on formally notifying the interim board of directors of Legacy of the Monitor's view on set-off together with the Monitor's intention to repay the HCMI DIP. If Legacy, through its interim board or otherwise, advises that it takes a contrary view on set-off, then the Monitor will bring the matter forward to the court for determination.

CASH FLOW FORECAST THROUGH APRIL 30, 2013

23. The Companies, with the assistance of the Monitor, have prepared Forecasts for the Forecast Period which are attached as Appendix B to this report. The Forecasts are based on the most current information available.

24. The table below summarizes the Forecasts for the Forecast Period:

Cash Flow Forecast December 1, 2012 - April 30, 2013	125	133	HCMI
RECEIPTS			
Net Rental Revenue	20,000	-	-
Total receipts	**20,000**	-	-
DISBURSEMENTS			
IMOR Payment (Secured Creditor)	15,000	-	-
Operating Expenses	42,500	-	62,717
Suppliers Charge offset	(42,500)	-	(62,717)
CCAA professional fees	125,000	125,000	440,000
Administrative Charge offset	(125,000)	(100,000)	(100,000)
Total disbursements	**$ 15,000**	**$ 25,000**	**$ 340,000**
NET CASH FLOWS	**$ 5,000**	**$ (25,000)**	**$ (340,000)**
OPENING CASH	$ 16,231	$ -	$ 348,688
NET CHANGE IN CASH FLOWS	5,000	(25,000)	(340,000)
ENDING CASH	**$ 21,231**	**$ (25,000)**	**$ 8,688**

25. As outlined above, 125 will has net receipts of $20,000 related to the sale of minor assets. In addition to the minor sales revenue, 125 will have total disbursements for operating expenses of approximately $8,500 and professional fees of approximately $25,000 per month. Assuming professional fees and operating expenses can be paid through the Administration and Critical Suppliers' Charges granted by this Honourable Court, 125 will have sufficient funds to satisfy their projected uses of cash for the Forecast Period.

26. As outlined above, 133 will have no cash receipts or disbursements in the Forecast Period, with the exception of professional fees of $25,000 per month. Assuming professional fees can be paid through the Administration Charge granted by this Honourable Court, 133 will have sufficient funds to satisfy their projected uses of cash for the Forecast Period.

27. As outlined above, HCMI will have no cash receipts and will have total disbursements for operating expenses of approximately $12,500 and professional fees of approximately $25,000 per month.

28. The HCMI cash flows assume that Legacy repays the HCMI DIP in cash and such proceeds will be used to pay outstanding professional fees that are secured by the Administrative Charge. An allocation of the professional fees will be made at a time when 125 and 133 are in receipt of funds in an amount sufficient to reimburse HCMI.

29. If Legacy successfully asserts set-off as against its obligations to repay the HCMI DIP, then the beneficiaries of the Administration and Critical Suppliers' Charges will have the option of needing to realize on such charges. In such an event, the Administration Charge will need to be increased from $450,000 to $750,000 to cover the estimated $300,000 of additional professional fees. Therefore, the Monitor is seeking an increase in the Administration Charge as set out in the Amended and Restated Initial Order to $750,000 (the "Administration Charge Increase").

30. The Monitor has reviewed the assumptions supporting the Forecast and believes the assumptions to be reasonable.

31. Based on the above assumptions (including, without limitation, the assumption that absent payment to the beneficiaries of the Administration Charge and Critical Suppliers' Charge in cash such beneficiaries will rely and realize upon such charges), the Forecast indicates that 125, 133 and HCMI will not require further financing to meet their respective current obligations through the Forecast Period.

THE COMPANIES' REQUEST FOR AN EXTENSION OF THE STAY PERIOD

32. Pursuant to an Order of this Honourable Court dated August 24, 2012, the Stay Period expires on November 30, 2012. The Company is seeking an extension of the Stay Period up to and including April 30, 2013 (the "Stay Extension").

33. The stay period is required to allow 125, 133 and HCMI and the Monitor the time to complete of the SUF Report, explore realization alternatives and develop a restructuring realization plan.

34. In the Monitor's view, the 125, 133 and HCMI are acting in good faith and with due diligence.

RECOMMENDATIONS

35. The Monitor recommends that this Honourable Court approve the:

a) Stay Extension; and

b) Administration Charge Increase.

Dated at Calgary, this 21st day of November, 2012.

ERNST & YOUNG INC.
in its capacity as
Monitor of 125, 133 and HCMI

Neil Narfason, CA•CIRP, CBV
Senior Vice-President

Appendix A

1252064 Alberta Ltd. ("125")
Cash Flow Forecast
June 7, 2012 - November 30, 2012

	Notes	Actual	Forecast	Difference
RECEIPTS				
Net Rental Revenue	1	101,713	90,000	11,713
Sale of Global Lands	2	3,500,000	-	3,500,000
Total receipts		**$ 3,601,713**	**$ 90,000**	**$ 3,511,713**
DISBURSEMENTS				
IMOR Payment (Secured Creditor)	1	90,000	90,000	-
Repayment of IMOR	2	3,500,000	-	3,500,000
Property Taxes	3	34,058	-	34,058
Operating Expenses	4	483	51,000	(50,517)
Suppliers Charge offset	45	-	(51,000)	51,000
CCAA professional fees	6	-	150,000	(150,000)
Administrative Charge offset	7	-	(150,000)	150,000
Total disbursements		**$ 3,624,540**	**$ 90,000**	**$ 3,534,540**
NET CASH FLOWS		**$ (22,827)**	**$ -**	**$ (22,827)**
OPENING CASH		$ 39,058	$ -	
NET CHANGE IN CASH FLOWS		(22,827)	-	
ENDING CASH		**$ 16,231**	**$ -**	

Notes and Assumptions

1 Net rental revenue from the Global lands in Lethbridge have been assigned to IMOR. The positive variance is to pay outstanding utilities bills.

2 Proceeds of the sale of the Lethbridge lands were remitted to IMOR as settlement of their debt.

3 Property taxes of approximately $34k were outstanding on the Lethbridge lands and were paid as part of the sale

4 Operating expenses incurred related to banking charges. Remaining operating expenses are relying on the Suppliers' Charge.

5 Suppliers Charge will be required to offset operating expenses

6 Estimated professional fees for the period

7 Administrative Charge will be required to offset professional fees

Harvest Capital Management Inc. ("HCMI")
Cash Flow Forecast
June 7, 2012 - November 30, 2012

	Notes	Actual	Forecast	Difference
RECEIPTS				
Repayment of Legacy & Airdrie DIP	1	347,825	-	347,825
Investment income on Imperial Square LP	2	374	-	374
Total receipts		**$ 348,199**	**$ -**	**$ 348,199**
DISBURSEMENTS				
Operating Expenses	3	-	93,315	(93,315)
Suppliers Charge offset	3	-	(93,315)	93,315
CCAA professional fees	3	-	200,000	(200,000)
Administrative Charge offset	3	-	(200,000)	200,000
Total disbursements		**$ -**	**$ -**	**$ -**
NET CASH FLOWS		**$ 348,199**	**$ -**	**$ 348,199**
OPENING CASH		$ 490	$ -	
NET CHANGE IN CASH FLOWS		348,199	-	
ENDING CASH		**$ 348,688**	**$ -**	

Notes and Assumptions

1. Repayment of the Legacy & Airdrie DIP advanced by HCMI
2. Quartlerly distribution on LP units held in Imperial Square.
3. No further cash expenditures have been made during the Reporting Period.

Appendix B

1252064 Alberta Ltd. ("125")
Cash Flow Forecast
December 1, 2012 - April 30, 2013

	Notes	December	January	February	March	April	Total
RECEIPTS							
Sale of minor assets	1	-	20,000	-	-	-	20,000
Total receipts		-	**20,000**	-	-	-	**20,000**
DISBURSEMENTS							
Lien Settlement	1	-	15,000	-	-	-	15,000
Operating Expenses	2	8,500	8,500	8,500	8,500	8,500	42,500
Suppliers Charge offset	3	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(42,500)
CCAA professional fees	4	25,000	25,000	25,000	25,000	25,000	125,000
Administrative Charge offset	5	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(125,000)
Total disbursements		$ -	$ **15,000**	$ -	$ -	$ -	$ **15,000**
NET CASH FLOWS		$ -	$ **5,000**	$ -	$ -	$ -	$ **5,000**
OPENING CASH		$ 16,231	$ 16,231	$ 16,231	$ 21,231	$ 16,231	$ 16,231
NET CHANGE IN CASH FLOWS		-	5,000	-	-	-	5,000
ENDING CASH		$ **16,231**	$ **21,231**	$ **16,231**	$ **21,231**	$ **16,231**	$ **21,231**

Notes and Assumptions

1 The Monitor expects to receive approximately $20k from the sale of minor stocks held by 125
2 Lien settlement related to the sale of the Lethbridge Lands.
3 Estimated operating expenses for the period based on prior month
4 Suppliers Charge will be required to offset operating expenses
5 Estimated professional fees for the period
6 Administrative Charge will be required to offset professional fees

1330075 Alberta Ltd. ("133")
Cash Flow Forecast
December 1, 2012 - April 30, 2013

	Notes	December	January	February	March	April	Total
RECEIPTS	1	-	-	-	-	-	-
DISBURSEMENTS							
CCAA professional fees	2	25,000	25,000	25,000	25,000	25,000	125,000
Administrative Charge offset	3	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(100,000)
Total disbursements		$ -	$ -	$ -	$ -	$ -	$ 25,000
NET CASH FLOWS		$ -	$ -	$ -	$ -	$ -	$ (25,000)
OPENING CASH		$ -	$ -	$ -	$ -	$ -	$ -
NET CHANGE IN CASH FLOWS		-	-	-	-	-	(25,000)
ENDING CASH		$ -	$ -	$ -	$ -	$ -	$ (25,000)

Notes and Assumptions

1 133 has no operating revenue
2 Estimated professional fees for the period
3 Administrative Charge will be required to offset professional fees

Harvest Capital Management Inc. ("HCMI")
Cash Flow Forecast
December 1, 2012 - April 30, 2013

	Notes	December	January	February	March	March	Total
RECEIPTS	1	-	-	-	-	-	-
DISBURSEMENTS							
Operating Expenses	2	12,543	12,543	12,543	12,543	12,543	62,717
Suppliers Charge offset	3	(12,543)	(12,543)	(12,543)	(12,543)	(12,543)	(62,717)
CCAA professional fees	4	340,000	25,000	25,000	25,000	25,000	440,000
Administrative Charge offset	5	-	(25,000)	(25,000)	(25,000)	(25,000)	(100,000)
Total disbursements		**$ 340,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 340,000**
NET CASH FLOWS		**$ (340,000)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (340,000)**
OPENING CASH		$ 348,688	$ 8,688	$ 8,688	$ 8,688	$ 8,688	$ 348,688
NET CHANGE IN CASH FLOWS		(340,000)	-	-	-	-	(340,000)
ENDING CASH		**$ 8,688**	**$ 8,688**	**$ 8,688**	**$ 8,688**	**$ 8,688**	**$ 8,688**

Notes and Assumptions

1 HCMI has no operating revenue
2 Estimated operating expenses for the period based on prior month
3 Suppliers Charge will be required to offset operating expenses
4 December professional fees will pay off professional fees incurred to date. January - March are estimated professional fees for the period
5 Administrative Charge will be required to offset professional fees