COURT FILE NUMBER	1201-10692
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	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 1357686 ALBERTA LTD.
DOCUMENT	**EIGHTH REPORT OF THE MONITOR** **JUNE 10, 2014**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** Ernst & Young Inc. 1000, 440 - 2nd Avenue SW Calgary, Alberta T2P 5E9 Attention: Neil Narfason / Nick Purich Telephone: 403-206-5067 / (403) 206-5170 Fax: 403-206-5075 Email: Neil.Narfason@ca.ey.com Nick.JB.Purich@ca.ey.com **COUNSEL** McCarthy Tétrault LLP Suite 4000, 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 EIGHTH REPORT

INTRODUCTION

1. On August 24, 2012, 1357686 Alberta Ltd. ("135") sought and obtained protection from its 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. 135 is sometimes referred to as the "Company" or the "Debtor".

3. Pursuant to the Initial Order, Ernst & Young Inc. was appointed monitor of the Company (the "Monitor").

4. Pursuant to the Initial Order, BTM Advisory Services Inc. ("BTM") was appointed the Chief Restructuring Officer ("CRO") of the Company.

5. The purpose of this eighth report (the "Eighth Report") of the Monitor is to provide this Honourable Court with comments on:

   a) The Company's restructuring progress;

   b) The Company's request for a termination of the CCAA proceedings;

   c) The Monitor's comments regarding the Company's request for the termination of the CCAA proceedings;

   d) The CRO's request to commence receivership proceedings;

   e) The CCAA professional fees; and

   f) The Monitor's recommendations.

6. Capitalized terms not defined in this Eighth Report are as defined in the Initial Order.

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

BACKGROUND

8. The primary asset of 135 was 298 acres of development land located in Rocky View County immediately west of Calgary and adjacent to the Calaway Park amusement facility and immediately south of the Trans-Canada highway. These lands are legally described as SE/4 32-24-3 W5M ("Lot 1") and SW/4 33-24-3 W5M ("Lot 2"), and are known collectively as the "Calaway Lands".

9. Background for the Debtor 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 Eighth Report, the Monitor has relied upon unaudited financial information, company records and discussions with the CRO of the Company. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the information.

RESTRUCTURING PROGRESS

11. On April 15, 2014, the Company entered into a purchase and sale agreement (the "180 Sale Agreement") for the Calaway Lands with 1808464 Alberta Ltd. ("180") which was subject to approval of this Honourable Court.

12. On April 30, 2014, this Honourable Court granted an order (the "Sale Approval and Vesting Order") approving the 180 Sale Agreement.

13. On May 30, 2014, the sale of the Calaway Lands to 180 in accordance with the 180 Sale Agreement and the Sale Approval and Vesting Order was completed for cash proceeds of $8,450,000 (the "Sale Proceeds") and a convertible vendor mortgage with minimum value of $1,800,000 (the "Vendor Mortgage").

14. From the Sale Proceeds and in accordance with the Sale Approval and Vesting Order, the Company repaid, among other things, its interim financing and amounts covered under the Administration Charge. These payments are described below.

15. The remaining cash balance of $132,246 and the Vendor Mortgage are being held in trust by the Company's counsel (the "Trust Balance") in accordance with the Sale Approval and Vesting Order. The Company has no remaining assets other than the Trust Balance, the Vendor Mortgage, Goods and Services Tax refunds approximating $12,700 (the "GST Refunds") and cash in a bank account of approximately $6,900 (the "Bank Balance").

FINAL STATEMENTS OF RECEIPTS AND DISBURSEMENTS

16. The receipts and disbursements of the Company for the period August 24, 2012 to June 3, 2014 (the "Statement of Receipts and Disbursements") are summarized as follows:

1357686 Alberta Ltd.
Summary of Cash Receipts and Disbursements
August 24, 2012 - June 3, 2014

		Notes
Cash receipts:		
Proceeds from the sale of the Calaway Lands	$ 8,450,000	a
Proceeds of DIP financing	6,100,000	b
Goods and service tax refunds	24,486	
Other income	2,324	
	14,576,810	
Cash disbursements:		
Repayment of DIP financing	7,508,203	c
Repayment of pre-CCAA mortgage debt	5,848,097	d
Break fee	200,000	e
Payment to Foundation Mortgage Corporation	150,000	f
Legal fees	194,248	g
CRO fees	184,771	g
Monitor fees	103,710	g
Operating expenses	249,126	h
	14,438,155	
Exces of cash receipts over disbursements	138,655	
Cash on deposit, August 24, 2012	$ 486	
Cash on deposit, June 3, 2014	$ 139,140	
Consisting of:		
Cash in bank	$ 6,894	
Cash in trust with the Company's counsel	132,246	
Total	$ 139,140	

17. The significant items in the Statement of Receipts and Disbursements are:

a) The cash proceeds of the sale were $8.45 million;

b) Pursuant to an order of the Court of Queen's Bench of Alberta dated September 24, 2012 (the "DIP Order"), the Company received interim financing in the amount of $6.1 million (the "Interim Financing");

c) The Company repaid its Interim Financing, the accrued interest, and the associated fees and costs thereon upon closing of the 180 Sale Agreement.

d) Prior to the commencement of these CCAA proceedings, 135 had mortgage debt on the Calaway Lands. Pursuant to the DIP Order, this debt was repaid with the proceeds of the Interim Financing in fall of 2012;

e) In accordance with the Sale Approval and Vesting Order, the Company paid a break fee of $200,000 to Krita Investments Ltd. which is described further in the Seventh Report of the Monitor dated April 23, 2014;

f) The Company made a payment of $150,000 to Foundation Mortgage Corporation from the proceeds of the Interim Financing in respect of its debt which was approved in the DIP Order;

g) The fees of the Monitor, the CRO and their respective legal counsel are further discussed below; and

h) Operating expenses include land planning and subdivision costs, costs relating to 135's land consultant, as well as administrative costs incurred throughout these CCAA proceedings.

CCAA PROFESSIONAL FEES

18. With the termination of the CCAA proceedings, the Company is requesting that the professional fees and disbursements related to the proceedings be approved.

19. The CCAA professional fees, disbursements, estimates to complete the CCAA proceedings and GST total $492,729 (the "CCAA Professional Fees") as follows:

1357686 Alberta Ltd. Summar of Professional Fees August 24, 2012 - June 3, 2014		
Legal fees		
Norton Rose Fulbright Canada LLP	$	177,738
Charles Dixon PC		10,776
Schinnour Matkin Baxter Pichette LLP		5,735
		194,248
CRO fees - BTM Advisory Services Inc.		184,771
Monitor's and Monitor's counsel's fees		103,710
Monitor's and Monitor's counsel's cost to complete		10,000
Total professional fees	$	492,729

20. The Monitor has reviewed the details of the CCAA Professional Fees and is of the opinion that they are reasonable given:

a) The complexity of the transactions undertaken by the Company;

b) The significant amount of time invested in evaluating the sources and uses of funds of the Company and its intercompany assets and liabilities;

c) The lack of information provided by the Company with respect to its financial affairs and underlying assets and liabilities;

d) The lengthy marketing process undertaken by the Company through the CRO to arrive at the 180 Sale Agreement; and

e) The number of negotiations with various parties to ultimately achieve the 180 Sale Agreement.

REQUEST FOR THE TERMINATION OF CCAA PROCEEDINGS

21. Pursuant to the Initial Order, as amended, the Stay Period continues to and including June 30, 2014. The Company is seeking an order to terminate the CCAA Proceedings (the "CCAA Termination Order") effective June 16, 2014.

22. The Monitor believes that the CCAA Termination Order is necessary given, among other things:

a) The Monitor does not believe that the Company could complete a Plan of Arrangement under the CCAA;

b) The Company has no remaining assets other than the Trust Balance, the Vendor Mortgage, the GST Refunds receivable and the Bank Balance;

c) The Monitor and its counsel have concerns with respect to the validity of the security of certain of the mortgages held by Foundation Mortgage Corporation and Foundation Mortgage Corporation 2 (the "FMs") on the Calaway Lands which need to be resolved before any of the remaining assets can be distributed to secured creditors. The previous payment to Foundation Mortgage Corporation in accordance with the DIP Order was approved before these concerns became apparent. The Company's CRO is also the CRO of the FMs which places the CRO in a position of conflict which would be resolved through the CCAA Termination Order and the discharge of the CRO in respect of the Company; and

d) Certain transitional issues between the CCAA Proceedings and the receivership need to be addressed.

APPOINTMENT OF A RECEIVER

23. The Company is recommending that this Honourable Court grant an order (the "Receivership Order") appointing Ernst & Young Inc. as receiver and manager of the Company.

24. Ernst & Young Inc. has consented to act as Receiver of the Company should the Court grant the Receivership Order.

25. Ernst & Young Inc.'s Consent to Act as Receiver is appended to this report as Appendix A.

RECOMMENDATIONS

26. The Monitor recommends that this Honourable Court approves the:

    a) CCAA Termination Order;

    b) CCAA Professional Fees; and

    c) Receivership Order.

Dated at Calgary, this 10th day of June, 2014.

ERNST & YOUNG INC.
in its capacity as Monitor of 135
and not in its personal or corporate capacity

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

Nick JB Purich, CA
Senior

Appendix A

COURT FILE NUMBER	1201-10692
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF S. 243 OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, as amended AND IN THE MATTER OF S. 13(2) OF THE JUDICATURE ACT, R.S.A. 2000, c. J-2, as amended AND IN THE MATTER OF 1357686 ALBERTA LTD.
DOCUMENT	**CONSENT TO ACT AS RECEIVER** **JUNE 10, 2014**

CONSENT TO APPOINTMENT

Ernst & Young Inc., a corporation having offices at Calgary, Alberta, hereby consents to act as Receiver and Manager of all of the present and future property, assets, and undertakings of 1357686 Alberta Ltd. in the event that an Order so appointing it is granted by this Honourable Court.

Dated at Calgary, Alberta, this 10th Day of June, 2014.

Ernst & Young Inc.

Neil Narfason
Senior Vice-President