INFORMATION CIRCULAR

HARBOUR VIEW CAPITAL INC.

Meeting of Creditors to be held August 21, 2013

July 19, 2013

TABLE OF CONTENTS

INTRODUCTION

This Information Circular is being sent to creditors of Harbour View Capital Inc. ("HVC" or the "Corporation") in connection with the meeting of creditors to be held at 9:30 a.m. on August 21, 2013 (the "Meeting"). Enclosed with this Information Circular is a Notice of Meeting for the Meeting.

A copy of the Plan of Compromise and Arrangement (the "Plan") to be considered at the Meeting and the Second Report of the Monitor dated July 9, 2013 (the "Monitor's Report") which contains an analysis of the Plan may be found at the Monitor's website at http://documentcentre.eycan.com under Foundation Group.

Capitalised terms used in this Information Circular without definition have the meanings assigned to them in the Plan, which is incorporated by this reference into this Information Circular.

THE MEETING

The Creditors Meeting will take place at 9:30 a.m. on August 21, 2013 (or on such other date as may be set by Order of the Court) at which the Creditors eligible to vote shall consider and vote upon the Plan. The Creditors' Meeting shall be held in accordance with the Plan, and any applicable Order in respect of the procedure governing the meeting.

The Monitor's designee (the "Chairman") shall preside as the chair of the meeting and shall decide all matters relating to the conduct of the meeting. Persons entitled to attend the Creditors' Meeting are the Chairman, the Monitor, the representatives of HVC, Creditors or their representatives (including the holders of proxies) and the legal counsel of any Person entitled to attend. Any other Person may be admitted only on the invitation of the Chairman.

The Chairman may, with the permission of the Creditors, adjourn the Creditors' Meeting on such terms and conditions (as to notice of the adjourned meeting and otherwise) as the Chairman may prescribe, subject to any further Order.

The entitlement of a Creditor whose Claim is not a Proven Claim to vote at the Creditors' Meeting shall not be construed as an admission that its Claim is a Proven Claim.

HVC and the Monitor shall have the right to seek the assistance of the Court in valuing any Claim for voting purposes in accordance with the Plan and the Meeting Order, if required, and to ascertain the result of any vote on the Plan.

Procedure

Votes cast by Creditors with Claims at the Creditors' Meeting shall be binding upon the Creditors and shall be recorded at the time of the Creditors' Meeting. If the Required Majority is achieved, the Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by all Creditors.

Proxies

A Creditor who wishes to cast its vote at the Creditors Meeting, but is unable or does not wish to attend the Creditors Meeting, may appoint the Monitor, a member of HVC management, or any other person as its proxyholder to attend and act on the Creditor's behalf at the Creditors Meeting by inserting such person's name in the space provided on an instrument of proxy in the form accompanying this Information Circular (the "Instrument of Proxy") and sending or delivering the completed Instrument of Proxy to the offices of the Monitor at Ernst & Young Tower, 1000, 440 2nd Avenue S.W., Calgary, AB T2P 5E9 Canada, Attention: Jessica Caden. An Instrument of Proxy must be (i) received at the offices of the Monitor at least one Business Day prior to the time set for the Creditors' Meeting, or any adjournment thereof; or (ii) delivered to the Monitor at the Creditors' Meeting prior to the commencement of the Creditors' Meeting or any adjournment thereof. Failure to so deposit the Instrument of Proxy shall result in the invalidation of same. HVC shall be entitled to solicit and collect Instruments of Proxy containing votes in favour of the Plan for delivery to the Monitor.

Any Creditor who has given an Instrument of Proxy may revoke it (as to any matter on which a vote has not already been cast pursuant to its authority) by an instrument in writing executed by such Creditor or by his representative, duly authorized in writing or, if a Creditor is not an individual, by an officer or attorney thereof duly authorized, and deposited either at the offices of the Monitor above mentioned on or before the last Business Day preceding the date of the Creditors' Meeting or any adjournment thereof, or with the Chairman of the Creditors' Meeting prior to commencement of the Creditors' Meeting, or any adjournment thereof.

The Instrument of Proxy must be executed by the Creditor or his duly authorized attorney in writing, or if the Creditor is not an individual, the Instrument of Proxy must be signed in its name by an authorized officer whose title should be indicated. The Instrument of Proxy signed by a person acting in a representative capacity should indicate such person's capacity (following his signature) and it should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Monitor).

The persons named in the accompanying Instrument of Proxy shall vote Claims of the Creditors in accordance with the direction of the Creditor appointing them on any ballot that may be called for and where the Creditor giving the Instrument of Proxy specifies a choice with respect to any matter to be voted upon, the Claim shall be voted in accordance with the instructions of the Creditor. In the absence of any such direction, such Claim shall be voted in favour of the Plan.

The accompanying Instrument of Proxy confers a discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and in the Plan and with respect to other matters that may properly come before the Creditors Meeting.

Confirmation of Plan

In the event that the Plan is agreed to, accepted and approved by the Required Majority at the Creditors' Meeting pursuant to the terms of the Plan, HVC shall, within a reasonable period of time, apply to the Court for the Final Sanction Order.

Subject to the Final Sanction Order being granted and fulfilment of the conditions precedent in Section 8.3 of the Plan, the Plan will be implemented in accordance with the terms thereof.

In the event that the Plan is not agreed to, accepted and approved in accordance with its terms, the Plan shall automatically terminate.

BACKGROUND

HVC and Harbour View Landing Inc. ("**Landing**") are single-purpose corporations incorporated to raise funds and to acquire and develop a 23.92 acre parcel of property outside of Comox, British Columbia (the "**Harbour View Lands**" or the "**Lands**"). The Harbour View Lands border the City of Courtney, British Columbia and are zoned Country Residential One (CR-1). The area in which the Harbour View lands are located is predominantly a rural residential area with a mixture of both small and large residential holdings and agriculture holdings.

A total of $16,113,400 was raised from investors through the sale of bonds issued by HVC. Of the total bonds sold, a significant number are believed to be held in individual registered retirement savings plans. The bonds will come due for repayment on April 30, 2014. Through a separate offering by Landing, Bondholders also acquired class B non-voting common shares in Landing in proportion to their bond holdings, with proceeds in the amount of $16,113.40 raised by Landing through the offering. The investment was structured such that Landing is the legal owner of the Harbour View Lands, subject to a mortgage in the principal amount of $16,000,000 registered on the Harbour View Lands in favour of HVC. HVC in turn, is indebted to the Bondholders.

Various affiliates of HVC and Landing filed for CCAA protection in 2011 and 2012 and Bondholders expressed concern about the status of their investment in the Harbour View Lands. In order to implement a formal restructuring process, HVC and Landing consented to the Receivership Order. Pursuant to the Receivership Order, the Receiver was appointed as receiver and manager of the assets, properties and undertakings of HVC and Landing, was expressly authorized, on behalf of HVC and Landing, to apply to obtain the Initial Order under the CCAA and the Management Committee was created in order to consult with the Receiver on the restructuring. On May 8, 2013, the Initial Order was issued under the CCAA.

Since the date of the Initial Order HVC and Landing have been working with legal, financial and other advisors to develop a strategy for dealing with the Harbour View Lands, to restructure their debt and maximize value for Bondholders and other stakeholders. The financial restructuring portion of this Plan is designed to allow HVC to acquire the Harbour View Lands from Landing and to issue Replacement Bonds in place of existing bonds and other debt. This will enable HVC to extend the term of all of the outstanding debt for a period of five years, without interest or other payments to Creditors, and to raise additional funds as needed to enable it to defray the costs of holding and developing the Harbour View Lands, all with a view to allowing sufficient time for Creditors to maximize their recovery from the appreciation in value of the Harbour View Lands. Landing, which has no arms-length creditors other than HVC, will not be restructured and if Creditors and the Court approve this Plan, then on Plan Implementation the Harbour View Lands will be transferred to HVC.

In the event that HVC, in consultation with the Monitor, determines that it is necessary or desirable for Exit Financing to be obtained, HVC intends to obtain a source of funds to provide working capital in an amount sufficient to allow HVC to meet its obligations following its discharge from CCAA.

Through the restructuring process HVC also identified a need to simplify its corporate structure, to make governance more direct and transparent and to enable management to deal with any needed changes to the terms of the Replacement Bonds to be issued pursuant to this Plan in a flexible and comprehensive way. The appointment of a board of directors of HVC from nominations made by Creditors (the "**New Directors**"), together with other changes to HVC's corporate and debt structure and governing documents is intended to accomplish those objectives as part of this Plan.

Because a significant number of Creditors currently hold HVC Bonds in registered retirement savings plans and other tax-deferred registered plans ("**Registered Plans**"), HVC felt it was important to ensure to the extent possible that the bonds and shares to be issued to Creditors pursuant to this Plan would also be qualified investments for Registered Plans. In order for that to occur and to minimize the risk of adverse tax consequences the majority of Creditors' Claims will be converted to Class "A" Bonds, but a small portion of each Creditor's Claim will be converted to Class "B" Bonds, which will in turn be converted into New HVC Shares. The New HVC Shares will be supported by equity which will not be available for payment of the Class "A" Bonds. While the overall effect on the value available to Creditors is neutral, this structure is expected to allow both New HVC Shares and Class "A" Bonds to be qualified investments for Registered Plans.

PLAN OF ARRANGEMENT

Overview

The Claims of all Creditors will be converted to Replacement Bonds issued pursuant to the Bond Indenture. Each Creditor will receive $0.1027106133 of principal amount of Class "B" Bonds for each $1.00 of Proven Claim, and $0.8972893867 of principal amount of Class "A" Bonds for each $1.00 of Proven Claim. All HVC Bonds will be cancelled following the issuance of the corresponding Replacement Bonds, and all Old HVC Shares will be converted to retractable shares. Replacement Bonds will not bear interest. The Class "A" Bonds will be due for repayment July 31, 2018.

The Class "B" Bonds will be exchanged for and converted to New HVC Shares on the basis of one New HVC Share for each $1.00 of principal amount of Class "B" Bonds on the Plan Implementation Dates. All Old HVC Shares will be retracted and cancelled on the Plan Implementation Dates, resulting in the Creditors becoming the only shareholders of HVC. No partial shares will be issued.

All Class "A" Bonds and New HVC Shares issued to Creditors pursuant to the terms of the Plan will be issued and recorded in the book entry systems maintained by the Indenture Trustee and the Transfer Agent. Holders of the Class "A" Bonds and the New HVC Shares will be entitled to receive certificates for their Class "A" Bonds and New HVC Shares on application to the Indenture Trustee or the Transfer Agent, as the case may be, and payment of the applicable fee.

Details of the Plan

On the first of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- The Foreclosure Order shall become effective and title in and to the Harbour View Lands shall vest in HVC, then;

- In the event and only in the event, that HVC determines, in consultation with the Monitor, that it is necessary or desirable for HVC to obtain Exit Financing:
    - The Exit Financing Agreement and the Exit Financing Security will become effective; and,
    - The Exit Financing Net Proceeds will be advanced to the Monitor; then,
- The Monitor will pay or make provision for payment in full of the amounts identified in Article 6 of the Plan; then,
- All of the charges, including the Administration Charge, the Receiver's Charge and the Receiver's Borrowing Charge created by the Initial Order, the Receivership Order or later Orders shall be terminated, discharged and released as against all of the assets, properties and undertakings of HVC and Landing including, without limitation, the Assets; then
- The Bond Indenture and the Replacement Bond Security shall become effective; then,
- The Old HVC Shares shall be designated as retractable; then,
- The terms of the HVC Bonds shall be amended to add a conversion feature to confer on the holder of the HVC Bonds the right to exchange such bonds for Replacement Bonds, then,
- The Old Class “A” Shares shall be split on a 50 for 1 basis; then,
- The Old Class “B” Shares shall be retracted and cancelled, and all other provisions of the corporate reorganization contained in Schedule “C” of the Plan shall become effective; then,
- Each of the holders of HVC Bonds shall be deemed to have exercised its Conversion Right whereupon and in consequence thereof, all of the HVC Bonds shall be exchanged for and converted to Replacement Bonds on the basis set out in Article 4.1 of the Plan; then,
- All of the HVC Bonds shall be cancelled following the issuance of the corresponding Replacement Bonds; then,
- Replacement Bonds will be issued to all Creditors with Proven Claims who are not Bondholders, in the amount of their Proven Claims; then,
- Each of the Specified Bondholders of Class “B” Bonds shall be deemed to have exercised its conversion right (“Class “B” Conversion Right”) whereupon and in consequence thereof, all issued Class “B” Bonds held by such holders shall be exchanged for and converted to New HVC Shares; then,
- All directors of HVC shall be discharged and the New Directors shall take office; then,

- HVC will elect, in the prescribed form, to be a "public corporation" for the purposes of the ITA.

On the second of the Plan Implementation Dates the principal events which will occur, in the following order, are:

- Each of the remaining holders of Class "B" Bonds shall be deemed to have exercised its Class "B" Conversion Right whereupon and in consequence thereof, all remaining Class "B" Bonds held by such holders shall be exchanged for and converted to New HVC Shares; then,

- All remaining Old HVC Shares shall be retracted and cancelled; then,

- The compromises with the Creditors and the releases referred to in Article 9.1 and the other provisions of the Plan shall become effective; then,

Prior to completion of plan implementation, the following events shall occur:

- The Monitor shall have determined that there are a sufficient number of Specified Bondholders for HVC to file the election to be a "public corporation" for the purposes of the ITA;

- The Foreclosure Order shall be obtained from the Court and registered with the appropriate Government Authority; and

- In the event that Exit Financing is obtained, the Exit Financing Security shall be registered and perfected and all amounts to be advanced thereunder shall have been advanced.

Delivery of Statements

As soon as reasonably practicable on or after the Plan Implementation Dates, statements outlining holdings of Class "A" Bonds and New HVC Shares issued to Creditors and held on their behalf by the Indenture Trustee and the Transfer Agent in the book entry systems will be provided by the Indenture Trustee or the Transfer Agent, as the case may be, to the Monitor for distribution to all Creditors with Proven Claims.

Conditions to Implementation of the Plan

If the Plan is approved by Creditors and the Court, certain additional conditions must be met before Plan Implementation can take place.

The implementation of the Plan shall be conditional upon the fulfillment of the following conditions on or prior to the Plan Implementation Dates, as the case may be:

- The Monitor shall have determined that there are a sufficient number of Specified Bondholders for HVC to file the election to be a "public corporation" for the purposes of the ITA;

- The Foreclosure Order shall have been obtained and registered with the appropriate Government Authority;

- In the event that Exit Financing is obtained, the Exit Financing Agreement and the Exit Financing Security shall have been duly executed and registered or otherwise perfected;
- The Plan shall have been approved by the Required Majority of Creditors with Eligible Voting Claims;
- The Final Sanction Order shall have been granted in substantially the form described in Article 10.1 of the Plan;
- All applicable governmental, regulatory and judicial consents, orders and any and all filings with all governmental authorities and other regulatory authorities having jurisdiction, in each case to the effect deemed necessary or desirable by HVC shall have been obtained; and
- In the event that Exit Financing is obtained the Exit Financing Net Proceeds shall be released to HVC.

BUSINESS PLAN AND DESCRIPTION OF ASSETS

The Monitor has obtained a recent appraisal of the Harbour View Lands at $2.63 million. If this value was achieved in a liquidation scenario it would represent a recovery of 13.5% on the Proven Claims of the Corporation. Accordingly, the Monitor believes a liquidation scenario would greatly reduce and adversely affect any anticipated recovery for Creditors, compared to the expected recovery under the Plan as liquidation is expected to have a lower realization than under a more stable development scenario as contemplated under the Plan. See the Monitor's Report.

The main strategy to realize the value contemplated by HVC and Landing when the Harbour View Lands were purchased in 2009 was to obtain land-use and annexation into the City of Courtenay, British Columbia, to allow the construction of a condominium development. In addition, it was proposed that 17 individual lots be developed as single family homes.

The development of the Harbour View Lands by HVC and Landing has encountered setbacks and delays. Due to the changing dynamics of the housing market in the Comox Valley, demand may have shifted towards townhouse and patio home developments over the proposed condominium development. These market demands will need to be considered in deciding how the Harbour View Lands will be developed going forward.

The City of Courtenay denied the Corporation's annexation request for the Harbour View Lands in March 2013, and the Harbour View Lands remain zoned for country residential use. This effectively limits development to 10 acre (4 hectare) sites. The Corporation will consider reapplying for annexation in the future to allow development of the Lands, possibly following the civic election in the City of Courtenay scheduled for the fall of 2013.

Landing had retained a project manager to manage the development process of the Lands. The Interim Directors, or the permanent directors to be elected by shareholders, will determine whether to continue with the current project manager, or with another project manager, or to otherwise manage the development.

DESCRIPTION OF THE REPLACEMENT BONDS

The Corporation will issue Class A Bonds and Class B Bonds to bondholders upon the Plan becoming effective. The Class B Bonds will be exchanged for and converted to Common Shares of the Corporation immediately after their issue. Each Bondholder will receive an aggregate amount of Class A Bonds and Class B Bonds equal to the principal and interest accrued on his HVC Bonds.

The Class A Bonds will be issued pursuant to a Bond Indenture between the Corporation and a Trustee (the "Indenture"). The Class A Bonds will be due July 31, 2018.

The Bonds will be secured by a fixed mortgage on the Harbour View Lands, and a floating charge on all other assets of the Corporation, other than the Excluded Assets Account described below (the "Non-recourse Assets"). The Bonds will permit the Corporation to place security ranking prior to the Bonds, to allow for development financing and other financing required by the Corporation. The value of the Non-recourse Assets will, unless subsequent financing charges those assets, support a value in the equity of the Corporation. The Indenture will contain a provision that provides that an amount of $2,000,000 realized from sales of assets of the corporation or realization on the security for the Bonds will be placed in the Excluded Assets Account and will be available to the Corporation for use, and may not be paid to the Bondholders. This amount may be available for the shareholders of the Corporation, or for other creditors, depending on the circumstances of the Corporation at the time of any realization.

The following will be events of default for the Class A Bonds:

(a) failure to pay principal when due on the Bonds;

(b) default in the observance or performance of any covenant or condition of the Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 25% in aggregate principal amount of the Bonds to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;

(c) certain events of cross-default, bankruptcy, insolvency or reorganization affecting the Corporation.

Without the consent of the holders of the Bonds, the Corporation and the Trustee may enter into supplemental indentures for any of the following purposes:

(a) providing for the issuance of Additional Bonds under the Indenture;

(b) adding to the covenants of the Corporation herein contained for the protection of the Bondholders, or of the Bonds of any series, or providing for events of default, in addition to those herein specified;

(c) making such provisions not inconsistent with the Indenture as may be necessary or desirable with respect to matters or questions arising thereunder, including the making of any modifications in the form of the Bonds which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Bondholders;

(d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of the Indenture;

The holders of a majority of 66 2/3% of the principal amount of Bonds represented and voting at a meeting of Bondholders may authorize any other amendment to the terms of the Bonds or the Bond Indenture.

DESCRIPTION OF THE COMMON SHARES

Following Plan Implementation, the Corporation will have only one class of shares – designated "Common Shares", all of which will have been issued to Creditors under the Plan. All previously issued shares will have been retracted for no consideration and cancelled. The Common Shares are entitled to one vote per share, and to receive any dividends declared thereon, and to the remaining property of the Corporation on liquidation.

DIRECTORS OF THE CORPORATION

Currently the sole director of the Corporation is Mr. Ron Aitkens. Pursuant to an Order of the Court issued May 2, 2013, Ernst & Young Inc. was appointed receiver and manager of the Corporation. Pursuant to an Order of the Court issued May 8, 2013, Ernst & Young Inc. was also appointed Monitor of the Corporation under the CCAA Proceedings.

It is intended that the affairs of the Corporation will be initially managed by an interim board of directors (the "**Interim Directors**") who will be appointed in accordance with the Proposed Plan, the *Business Corporations Act* (Alberta) (the "**ABCA**") and the articles of the Corporation (the "**Articles**") as amended pursuant to the Proposed Plan. The Articles provide for the appointment of a minimum of three (3) directors and a maximum of nine (9) directors of the Corporation. In the event that the Proposed Plan is implemented, the Interim Directions will be required to call an annual general meeting of the Corporation within 120 days of the date of implementation (the "**AGM**"). The shareholders of the Corporation will have the opportunity to elect directors of the Corporation at the AGM in accordance with the ABCA and the Articles.

The Monitor will select up to five (5) individuals (each, a "**Nominee**") as proposed Interim Directors of the Corporation. The Creditors will then be requested to vote on the approval of the Proposed Plan in accordance with the CCAA. If the Proposed Plan is approved by the Creditors in accordance with the CCAA and sanctioned by the Court, the Nominees will be installed as the Interim Directors of the Corporation at the time the Proposed Plan is implemented.

In selecting the Nominees, the Monitor will consider, *inter alia*, the following:

(a) The amount of the individual's investment in the Corporation in the event that the Plan is implemented in accordance with its terms;

(b) Any previous experience that the individual has in serving as a director or officer of a publicly traded company;

(c) Any previous experience that the individual has in the development of real-estate projects;

(d) Any relevant input received by the Monitor from Creditors in respect of the individual wishing to be a Nominee; and

(e) Any other factor that the Monitor considers relevant to whether an individual should be a Nominee.

Individuals who have previously worked as a director, officer, employees, consultant, agent (including sales agents and agents who sold securities of the Harvest Group of Companies or Foundation Group of Companies), contractor, or advisor to any entity related or affiliated with the Harvest Group of Companies or Foundation Group of Companies or any relation thereof may not be eligible to be an Interim Director and the Monitor will retain sole discretion to determine if the individual's previous relationship with the Harvest Group of Companies or Foundation Group of Companies disqualifies the individual from being eligible to be an Interim Director.

Any individual, including any Creditor, can request that his or her name be put forth as a Nominee. An individual wishing to be a Nominee should submit a request to the Monitor that he or she be a Nominee, along with any information relevant to the individual's proposed appointment as a Nominee, by no later than August 9, 2013. Requests to the Monitor to serve as a Nominee should be submitted by registered mail, facsimile or email to the following address:

Ernst & Young Inc., in its capacity as court appointed Monitor of Harbour View Capital Inc. and not in its personal capacity
Ernst & Young Tower
1000, 440 2nd Avenue S.W.,
Calgary, AB T2P 5E9
Attention: Jessica Caden
Email: Jessica.Caden@ca.ey.com
Facsimile: 403 206 5075

The Monitor will determine who will be the Nominees on or before August 14, 2013, or such later date as may be determined by the Monitor. The identity of the Nominees will be provided to the Creditors at or prior to the time that the Proposed Plan is scheduled to be voted on and the Nominees and will be posted on the Monitor's web site by August 14, 2013, or such other date as may be determined by the Monitor or ordered by the Court, at www.ey.com/ca/foundationgroup.

Any individual, including any Creditor, who is not selected as a Nominee by the Monitor will still be eligible to be elected as a future director of the Corporation in accordance with the Proposed Plan, the ABCA and the Articles.

PRINCIPAL SHAREHOLDERS

Currently, the Class A Preferred voting shares of the Corporation are held by Target Capital Inc., ("TCI") (which holds 60% of the voting shares) and Ronald J Aitkens, who holds 40% of the voting shares. No other shares are outstanding.

Under the Plan, all the above shares would be cancelled and new Common Shares issued to the Creditors. To the knowledge of the Corporation, this would result in no persons holding directly or indirectly, 10% or more of the outstanding voting shares of the Corporation.

CAPITALIZATION

The following table shows the existing capitalization of HVC, and capitalization after giving effect to the Plan. Please refer to “Description of the Replacement Bonds” for information about the Class A Bonds, and to the Monitor’s Report for additional information on the First Mortgage and the DIP Financing.

(unaudited)	**Before giving effect to the Plan**	**After giving effect to the Plan**
Class A Bonds	-	17,471,769
HVC Bonds	16,113,400	-
Bond interest	3,225,645	-
Accounts payable	132,724	-
Total debt and liabilities	19,471,769	17,471,769
Shareholders' Equity	(359,104)	2,000,000
Total capitalization	19,112,665	19,471,769

The above table does not reflect the expected adjustment of the carrying value of the Class A Bonds to their estimated fair value of $630,000.

MANAGEMENT COMPENSATION

Pursuant to a Management Agreement which was to have been entered into at the time of offering of the HVC Bonds, Landing agreed to pay Foundation Capital Corporation an annual fee of 1% of the aggregate loan proceeds received by Landing, to a maximum of $200,000 per annum, in exchange for management services. The term of the agreement was to be for two years, renewable by mutual agreement.

Pursuant to an agreement with TCI dated January 30, 2009, the Corporation agreed to pay TCI an annual administration fee of 1/2 of 1% on funds raised through registered plans in excess of

$500,000 up to $5,000,000 and 1/4 of 1% on amounts raised over $5,000,000 and TCI agreed to organize shareholder meetings of the Corporation. The term of the agreement was to expire on April 30, 2014, renewable on mutual agreement.

Pursuant to an order of the Court dated May 2, 2013, Ernst & Young Inc. was appointed receiver and manager of the Corporation, and has managed the Corporation since that date.

After the Plan Implementation Dates, the Interim Directors will arrange for management of the Corporation by such entity and on such terms as they consider appropriate.

INDEBTEDNESS OF INSIDERS

Certain entities affiliated with Ron Aitkens are indebted to HVC in respect of amounts advanced to such entities from the Corporation's funds, in a total amount of approximately $ 1.817 million. The amount of any such payments which may be recoverable are uncertain at this time. See the financial statements included in this Information Circular.

RISK FACTORS

Investment in the Common Shares and Class A Bonds of HVC (collectively, the “Securities”) is subject to many risks, some of which are described below. Creditors should analyse the risks set out below compared to the amount of realization expected on their Claims if the Plan is not approved, in determining how to vote on the Plan.

Please refer to the Monitor’s Report for an analysis of the Plan and comments on a liquidation scenario as an alternative to the Plan.

(a) **All real estate investment is subject to significant risk arising from rapidly changing market conditions.** Factors which could result in a change in conditions include regulatory matters, taxes, general economic conditions, local competition from other projects, competition from projects in other areas, and many other factors. Any of these could result in a significant decrease in the value of the Harbour View Lands and in the ability of HVC to realize any return from holding the Harbour View Lands.

(b) **Property Value.** There are no assurances that the value of the Harbour View Lands will increase as intended.

(c) **Real estate development is subject to regulatory risks**. Development of the Harbour View Lands will require regulatory approvals, which is not assured. The City of Courtenay has recently rejected a proposal to annex the Lands to Courtenay, which would have been beneficial to the development process.

(d) **Real Estate Development is subject to additional risks.** The prices which will be achievable on sale of the real estate may decrease over time, or may not have been accurately estimated by management. Costs may escalate over time, or may not have been accurately estimated by management. As a result, the development process may be less profitable than anticipated, or may result in a loss.

(e) **Refinancing uncertainty.** It may be necessary for HVC to obtain additional financing in order to develop the Harbour View Lands. There are no assurances that this will be possible on attractive terms, or at all. Any additional financing is expected to require security which will rank prior to the security for the Class A Bonds.

(f) **There is no market for the Securities and no market is expected to develop. You may not be able to liquidate your investment**.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, special tax counsel to HVC ("**Counsel**") the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations under the Income Tax Act (Canada) (the "**Tax Act**") applicable to an individual (other than a trust) who (i) disposes of existing HVC Bonds in exchange for Class A Bonds and Class B Bonds (collectively, "**New Bonds**"); (ii) exchanges Class B Bonds for new HVC Common Shares, all in accordance with the Plan, and (iii) who, for all purposes of the Tax Act and at all material times, is resident in Canada, deals at arm's length and is not affiliated with HVC and holds any applicable securities as capital property for the purposes of the Tax Act. Generally, the existing HVC Bonds, the New Bonds and the new HVC Common Shares will be considered to be capital property to a person provided that such person (a) does not hold such securities in the course of carrying on a business, (b) has not acquired such securities in one or more transactions considered to be an adventure in the nature of trade, and (c) does not hold such securities as "mark-to-market property". Except as otherwise expressly provided, this summary does not address the tax consequences to Creditors other than Bondholders or to any holders of Class A Shares, and such persons should consult their own tax advisors with respect to the tax consequences of the Arrangement in their particular circumstances.

This summary is based on the terms of the Arrangement, certain representations made by HVC, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and Counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as currently proposed, although no assurance can be given that such proposals will be enacted in that form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or administrative policy and assessing practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial or foreign tax legislation or considerations which may differ materially from those described herein. HVC has not applied and does not propose to apply for an advance income tax ruling from the CRA regarding any of the income tax considerations summarized below, so no assurance can be given that the tax consequences will be as described herein.

This summary is not applicable to security holders: (a) that are "financial institutions" or "specified financial institutions" (as defined in the Tax Act); (b) that are partnerships; (c) an interest in which would be a “tax shelter investment” (as defined in the Tax Act); (d) that are exempt from tax under Part I of the Tax Act; (e) who acquired any of such securities on the exercise of any option, warrant or similar right, or (f) who make or have made a functional currency reporting election under section 261 of the Tax Act. The above-noted security holders should consult their own tax advisors with respect to the matters discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement and an investment in the New Bonds and the HVC Common Shares (collectively, the “**New Securities**”). Moreover, the income tax and other tax consequences of acquiring, holding or disposing of securities will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor’s own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular investor. Holders of securities in HVC (including the HVC Bonds and the New Securities) should consult their own tax advisors with respect to the income tax and other tax consequences of the Arrangement and an investment in the New Securities based upon such security holder’s particular circumstances.

Eligibility for Investment

Provided that HVC is currently controlled and will be continue to be controlled by a “public corporation” throughout the First Plan Implementation Date and the transactions under the Plan of Arrangement occur in the manner and sequence contemplated herein, the New Securities acquired pursuant to the Plan of Arrangement will be, throughout the First Plan Implementation Date, qualified investments for registered retirement savings plans (“RRSP”) registered education savings plans, registered retirement income funds (“RRIF”), deferred profit sharing plans, registered disability savings plans and tax-free savings (“TFSA”) (collectively “Registered Plans”). On the condition that HVC elects on the First Plan Implementation Date to be a “public corporation” for the purposes of the Tax Act (and will not pursuant to an election or designation cease to be a “public corporation”), the New Securities acquired pursuant to the Plan of Arrangement will, from that time on, be qualified investments for the Registered Plans. Accordingly, the New Securities will be qualified investments for the Registered Plans throughout the First Plan Implementation Date and the Second Plan Implementation Date to the extent that the transactions under the Plan of Arrangement occur in the manner and sequence contemplated herein.

In order for HVC to elect, in the prescribed form, on the First Plan Implementation Date to be a “public corporation” for the purposes of the Tax Act, HVC must at the time of the election comply with certain conditions set forth in the regulations under the Tax Act relating to the number of its shareholders, the dispersal of ownership of its shares and the public trading of its shares. Counsel assumes that HVC will satisfy all of these conditions and qualify as a “public corporation” at the time of election and throughout the Second Plan Implementation Date.

Notwithstanding that the New Securities may be a qualified investment for Registered Plans, the holder of a TFSA or an annuitant under a RRSP or RRIF, as the case may be, will be subject to a penalty tax with respect to the New Securities held in the Registered Plan if such securities are a “prohibited investment” within the meaning ascribed thereto in the Tax Act.

Generally, the New Securities would be considered as a “prohibited investment” if the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be: (i) does not deal at arm’s length with HVC for purposes of the Tax Act; (ii) has a “significant interest”, as defined in the

Tax Act, in HVC; or (iii) has a “significant interest” in a corporation, partnership or trust with which HVC does not deal at arm’s length for purposes of the Tax Act. A “significant interest” includes, but is not limited to, the ownership of 10% or more of any class of issued shares of a company. Proposed amendments to the Tax Act released on December 21, 2012 (the “**December 2012 Proposals**”) propose to remove the condition in (iii) above. A holder of securities in HVC may also, in certain circumstances as described in the Tax Act, be subject to a tax on any “advantage” (as defined in Tax Act) in relation to their Registered Plan.

Prospective purchasers who intend to hold the New Securities, acquired pursuant to the Plan of Arrangement, in their TFSA, RRSP or RRIF should consult their own tax advisors having regard to their own particular circumstances, including with respect to the December 2012 Proposals.

Accrued Interest

Bondholders (other than Registered Plans) will be required to include all Accrued Interest in computing their taxable income. To the extent that such amount is doubtful of collection, a reserve may be allowed in accordance with the applicable rules in the Tax Act. A reserve for a doubtful debt claimed in one year generally must be included in income the following year. This deduction in one taxation year and re-inclusion in the following taxation year will generally last for as long as the debt remains doubtful. If a debt becomes a bad debt, Bondholders may be entitled to claim a deduction in respect thereof without a corresponding income inclusion. **Bondholders should consult their own tax advisors with respect to the treatment of Accrued Interest.**

Exchange of Securities

HVC Bonds for New Bonds

Pursuant to the Arrangement, a conversion feature will be added to the HVC Bonds to facilitate their conversion and exchange for Replacement Bonds, following which a portion of the HVC Bonds will be exchanged for Class A Bonds and a portion of the HVC Bonds will be exchanged for Class B Bonds, all in accordance with the terms of the HVC Bonds (the “Bond Exchange”). The addition of such a conversion right should not result in a disposition of the HVC Bonds.

Subject to the provisions of section 51.1 of the Tax Act, provided that the portion of the principal amount of the HVC Bonds exchanged for Class A Bonds or Class B Bonds, as the case may be, is equal to the principal amount of the Class A Bonds or Class B Bonds, respectively received for such portion of HVC Bonds, the disposition of such HVC Bonds by the Bondholders will be deemed to have taken place at an amount equal to the adjusted cost base of such HVC Bonds immediately before the Bond Exchange, and the Bondholders will be deemed to have acquired such Class A Bonds and Class B Bonds, respectively at a cost equal to such adjusted cost base. Accordingly, no capital gain (or capital loss) should arise as a result of the Bond Exchange.

In the event that section 51.1 of the Tax Act is found to be inapplicable then a capital gain (or loss) would only be realized on that portion of the HVC Bonds exchanged for Class A Bonds or Class B Bonds, as the case may be, if the fair market value of the Class A Bonds or Class B Bonds received (and to be converted to New HVC Shares) exceeded (or was less than) the pro rata principal amount of the HVC Bonds. The cost of the Class A Bonds or Class B Bonds received, as the case may be, would be equal to the fair market value thereof. See "Capital Gains and Capital Losses" below.

Class B Bonds for HVC Common Shares

Pursuant to the Arrangement, the Class B Bonds will be exchanged for HVC Common Shares and no other consideration in accordance with their terms (the "Share Exchange").

Subject to the provisions of section 51 of the Tax Act, the exchange of Class B Bonds for HVC Common Shares will generally be deemed not to be a disposition of property, and accordingly should not give rise to any capital gain (or capital loss). The aggregate cost to a holder of the HVC Common Shares received on the Share Exchange will be deemed to be equal to the holder's aggregate adjusted cost base of the Class B Bonds exchanged for such HVC Common Shares immediately before the Share Exchange. The adjusted cost base of HVC Common Shares at a particular time will generally be the average cost of all HVC Common Shares held by such holder as capital property at the particular time.

In the event that section 51 of the Tax Act is found to be inapplicable then a capital gain (or capital loss) would only be realized on the Share Exchange if the fair market value of the New HVC Shares received exceeded (or was less than) the adjusted cost base (generally, the principal amount) of the Class B Bonds. The cost of the New HVC Shares received would be equal to the fair market value thereof. See "Capital Gains and Capital Losses" below.

Dividends on HVC Common Shares

Dividends received or deemed to be received by a holder of HVC Common Shares will be included in computing the holder's income for the purposes of the Tax Act for the year in which such dividends are received or deemed to have been received. The gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations will apply to dividends received by an individual (other than certain trusts), including the enhanced gross-up and dividend tax credit provisions where the Corporation provides notice designating the dividend as an "eligible dividend".

Holders of HVC Common Shares to whom these rules may be relevant should consult their own tax advisors.

Dispositions of HVC Common Shares

A disposition or deemed disposition of a HVC Common Share (other than a disposition of a HVC Common Share to HVC) will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. See the discussion regarding "Capital Gains and Capital Losses" below.

Capital Gains and Capital Losses

Generally, one half of a capital gain ("**taxable capital gain**") realized by a holder of securities of HVC must be included in income for the taxation year of disposition and one half of any capital loss ("**allowable capital loss**") must be deducted by such holder against any taxable capital gains realized in the same taxation year. Any excess of allowable capital losses over taxable capital gains for the year of disposition is generally deductible against net taxable capital gains realized in any of the three prior taxation years or in any subsequent taxation year in the circumstances and to the extent described in the Tax Act.

Taxable capital gains realized and dividends received by a holder of securities of HVC that is an individual or a trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

AUDITORS

The Corporation currently does not have an auditor. The Interim Directors will have the authority to appoint and fix the remuneration of an auditor of the Corporation after the Implementation Dates of the Plan.

FINANCIAL INFORMATION

The following financial statements have been prepared for internal purposes by the Corporation without audit and are included herein for completeness purposes only. The financial statements do not include any notes and in addition may not have been prepared in accordance with generally accepted accounting principles in other respects.

The Monitor has prepared statements of Cash Flow for the Corporation for the period commencing with the start of the CCAA Proceedings, which are included in the Monitor's Report and may be found on the Monitor's website at www.ey.com/ca/foundationgroup.

HARBOUR VIEW CAPITAL INC.
BALANCE SHEETS
(Unaudited)

	8-May-13	30-Sep-12	30-Sep-11	30-Sep-10
ASSETS				
Current assets:				
Cash in bank	$ 65	$ 494,681	$ 1,712,779	$ 443,797
Cash in trust	475,271	-	-	-
Due from Azimuth Risk Management	132,149	-	-	-
Due from Harbour View Landing Inc.	37,154	-	-	-
	644,639	494,681	1,712,779	443,797
Due from related companies:				
Harbour View Landing- accrued interest	2,985,401	2,461,388	1,575,673	773,169
Harbour View Landing -Loans	13,416,518	13,166,518	12,972,518	11,200,542
Harvest Capital Management Inc.	330,000	730,000	-	-
Priest Lake Project	300,000	300,000	-	-
1357686 Alberta Ltd.	1,000,000	1,000,000	1,000,000	-
Foundation Mortgage Corporation	37,500	37,500	37,500	-
1252064 Alberta Ltd.	149,900	149,900	149,900	149,900
Other	205,000	205,000	205,000	200,000
	18,424,319	18,050,306	15,940,591	12,323,611
	$ 19,068,958	$ 18,544,987	$ 17,653,370	$ 12,767,408
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current liabilities:				
Accounts Payable	$ 89,017	$ 97,017	$ 52,350	$ 8,000
Long Term Liabilities:				
Investor Bonds Payable	16,113,400	16,113,400	16,113,400	12,008,200
Investor Interest Payable	3,225,645	2,642,914	1,676,110	820,212
	19,339,045	18,756,314	17,789,510	12,828,412
Shareholders' deficiency:				
Class A Shares	1,000	1,000	1,000	1,000
Deficit	(360,104)	(309,344)	(189,490)	(70,004)
	(359,104)	(308,344)	(188,490)	(69,004)
	$ 19,068,958	$ 18,544,987	$ 17,653,370	$ 12,767,408

Note: The balance sheets do not contain certain disclosures required by generally accepted accounting principles.

HARBOUR VIEW CAPITAL INC.
STATEMENTS OF LOSS
(Unaudited)
For the years ending September 30, 2010 to 2012, and for the period October 1, 2012 to May 8, 2013.

	8-May-13	30-Sep-12	30-Sep-11	30-Sep-10
Interest income	$ 523,927	$ 885,801	$ 802,504	$ 602,865
Other	-	6,000	-	-
	523,927	891,801	802,504	602,865
Expenses (recovery):				
Interest	582,731	966,804	857,021	627,375
Bond issuance commissions and other issuance expenses	-	8,000	5,304	-
Administration fee	-	44,668	44,624	
Securities Commissions fees		25	2,230	1,060
Accounting and other	(7,958)	73	12,811	13,531
	574,773	1,019,569	921,990	641,966
Loss	$ (50,846)	$ (127,768)	$ (119,486)	$ (39,101)

Note: The statements of loss do not contain certain disclosures required by generally accepted accounting principles.