

COURT FILE NUMBER 1101-17318

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 LEGACY COMMUNITIES INC.,
AIRDRIE CAPITAL CORPORATION, AIRDRIE COUNTRY
ESTATES INC., RAILSIDE CAPITAL INC., RAILSIDE
INDUSTRIAL PARK INC., FOUNDATION PLACE
CAPITAL INC. and FOUNDATION PLACE INC.**

DOCUMENT

ORDER

(Sanction Order and Stay Extension Order)

ADDRESS FOR SERVICE AND

CONTACT INFORMATION OF

PARTY FILING THIS

DOCUMENT

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File No. 439537-000009

I hereby certify this to be a true copy of
the original
Dated 21 day of December
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: December 21, 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice C.A. Kent

UPON THE APPLICATION of Railside Capital Inc. ("RCI") and Railside Industrial Park Inc. ("Railside Industrial"); **AND UPON** having read the fifteenth report of Ernst and Young Inc. (the "Fifteenth Report"), in its capacity as the Monitor and Co-Manager of Railside (the "Monitor") dated December 20, 2012 as well as the previous reports of the Monitor filed herein; **AND UPON** hearing the representations of legal counsel for Railside, the Monitor, the Unsecured Creditors' Committee and any

other legal counsel in attendance at the hearing of this application; **AND UPON** being advised of the results of the meeting of the Creditors of Railside (the "Creditors' Meeting") and in particular, the voting by the Creditors to approve the plan of arrangement and compromise for Railside (the "Plan"); **IT IS HEREBY ORDERED THAT:**

Capitalized Terms

1. Capitalized terms not otherwise defined herein shall, unless stated to be otherwise, have the meaning ascribed to them in the Plan.

Service

2. Service of notice of this application is hereby abridged so that the application is properly returnable today and, further, that any requirement for service of the application and supporting materials upon any party not served is hereby dispensed with.

Sanction of Plan

3. RCI has complied in all material respects with the provisions of the CCAA and the previous Orders of this Honourable Court granted in these proceedings.

4. The Plan has been agreed to and approved by the Required Majority of the Creditors in accordance with the requirements of the CCAA and the Creditors' Meeting Order granted in these proceedings on November 23, 2012.

5. The Plan is found to be fair and reasonable to the Creditors, in the best interests of RCI and all affected parties, and is hereby finally and absolutely sanctioned and approved pursuant to the provisions of the CCAA.

6. The Plan Implementation Dates, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and reorganizations effected thereby are approved, binding and effective as set out in the Plan, upon RCI, all Creditors and all other Persons and Parties affected by the Plan.

7. The Plan shall be implemented and effected in the sequential order set out in Section 8.3 of the Plan on the Plan Implementation Dates.

8. In order to give effect to the Plan, RCI is hereby authorized and directed to:

- (a) direct that the Exit Financing Net Proceeds be paid to the Monitor;
- (b) direct the Monitor to make the payments contemplated by the Plan;
- (c) direct the Monitor to deliver confirmation of issuance of the statements outlining the Replacement Bonds and New RCI Shares to Creditors as contemplated by the Plan;
- (d) declare that the releases referred to in Section 9.1 of the Plan relating to Creditors have become effective in accordance with the Plan;
- (e) terminate and discharge the Administration Charge, the Directors' Charge and the DIP Charge upon payment to the Monitor of the Exit Financing Net Proceeds in sufficient amounts to pay all amounts outstanding under the Administration Charge; and

9. It is hereby declared that on implementation of and in accordance with the Plan, the fundamental changes described in Schedules "C" and "D" to the Plan shall become effective.

Distribution in Full and Final Satisfaction of Claims

10. All payments or distributions of shares made or to be made by or on behalf of RCI in accordance with the Orders of this Court in these proceedings shall constitute full and final payment or distribution and satisfaction of the Claims in respect of which such payments or distributions will be made.

11. Without limiting anything in the Claims Procedure Order granted by this Honourable Court in these proceedings on July 5, 2012, any Creditors who failed to prove claims or successfully dispute RCI's assessment of their claims in accordance with the Claims Procedure Order, on their own behalf or on behalf of their respective present or former employees, agents, officers, directors, principals, spouses, dependents, heirs, attorneys, successors, assigns and legal representatives, are permanently and forever barred, estopped, stayed and enjoined, on and after the date hereof from:

- (a) Commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against RCI;
- (b) Enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against RCI or the property of RCI;
- (c) Commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever against any person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against RCI; and
- (d) Creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind.

12. Until all Disputed Claims have either been finally dismissed or have become, in whole or in part, Proven Claims, RCI shall not:

- (a) issue additional Class "A" Bonds except in connection with the resolution of Disputed Claims as contemplated by the Plan; or
- (b) make any distribution of cash or securities to holders of Class "A" Bonds or New RCI Shares.

Continuation of Agreements

13. All agreements to which RCI is a party as at the date hereof, including all obligations, agreements or leases to which RCI is a party, and which have not been repudiated shall remain in full force and effect, unamended, and no person or entity shall, after the date hereof, accelerate, terminate, rescind, refuse to perform, renew or otherwise repudiate its obligations under, or assert, enforce or exercise any right, option or remedy or make any demand under or in respect of any such agreement by reason of:

- (a) any event which occurred prior to, and not continuing after, the Plan Implementation Dates or which is or continues to be suspended or waived under the Plan, which would have entitled any other party to enforce those rights or remedies;
- (b) RCI having sought or obtained or become the subject of relief under the CCAA;
- (c) any default or event of default arising as a result of the financial condition or insolvency of RCI;
- (d) the effect upon RCI of the completion of any of the transactions contemplated under the Plan;
- (e) RCI having complied with any Orders made in these CCAA proceedings; or
- (f) any compromises, settlements, restructurings or reorganizations effected pursuant to the Plan.

14. RCI is authorized and may, as required, execute the Exit Financing Agreement and the Exit Financing Security and may grant the security interests contemplated by the Exit Financing Security, and effect the registration or other perfection of the Exit Financing Security, however, such Exit Financing Security shall not become effective until Plan Implementation.

Discharge of the Monitor

15. The Monitor is hereby authorized to perform its functions and to fulfil its obligations under the Plan to facilitate the implementation of the Plan.

16. The actions, conduct and activities of the Monitor outlined in the Monitor's Fifteenth Report and in all of the previous reports filed by the Monitor in these proceedings are hereby approved and it is hereby declared that the Monitor has exercised all of its powers and performed all of its duties and functions honestly, in good faith and in compliance with the Code of Ethics referred to in section 13.5 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-6.

17. Upon completion by the Monitor of its duties in respect of RCI and Railside Industrial pursuant to the CCAA and the Orders granted in these proceedings, including without limitation, the Monitor's duties in respect of the Claims Procedure and the distribution of confirmations of the issuances of Class "A" Bonds and New RCI Shares to be made by the Monitor in accordance with the Plan, the Monitor shall file with the Court a certificate of Plan termination ("Plan Termination Certificate") stating that all of its duties in respect of RCI and Railside Industrial pursuant to the CCAA and the Orders granted in these proceedings have been completed and thereupon, the Monitor shall be deemed to be discharged from its duties as Monitor of RCI and Railside Industrial and shall thereafter have no further liabilities, obligations, responsibilities or duties under the Initial Order of this Honourable Court dated December 21, 2012 (the "Initial Order") or otherwise in respect of these proceedings.

18. Upon the filing of this Order and the Plan Termination Certificate, the Monitor, its affiliates and their respective officers, directors, employees, and agents, attorneys and solicitors for the Monitor (collectively, the "Monitor Parties" and each a "Monitor Party") will be released and forever discharged from any and all claims, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission of a Monitor Party in any way relating to, arising out of or in respect of the performance or intended performance of the Monitor's mandate or any activity related thereto in these CCAA proceedings, save and except for any claim against a Monitor Party arising out of any gross negligence or wilful misconduct on the part of that Monitor Party.

19. No action or other proceeding in any way arising from or related to the performance or intended performance of the Monitor's mandate or any activity in these CCAA proceedings shall be commenced against a Monitor Party except with prior leave of this Court and on prior written notice to the Monitor Party and upon further order securing, as security for costs, the solicitor and his own client costs of the Monitor in connection with any proposed action or proceeding.

Releases

20. Upon the filing of this Order, RCI, its shareholders, employees, servants and agents of RCI and the attorneys and solicitors for RCI and Railside Industrial (collectively, the "Railside Parties") will be fully, finally, irrevocably and unconditionally released and forever discharged

from: (i) any and all Claims, and (ii) any and all liabilities, obligations and claims, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising out of, or in any way related to, in whole or in part, directly or indirectly these CCAA proceedings.

21. All proceedings with respect to, in connection with or relation to such Claims, liabilities, obligations or claims shall be permanently stayed, subject only to the rights of Creditors to receive distributions of Class "A" Bonds and New RCI Shares pursuant to the Plan in respect of their Claims.

22. Paragraph 20 of this Order does not apply to any Released Claims or other causes of action which the Bondholders of RCI may have against the directors or officers of RCI.

23. Without limiting anything in this Order or anything in the Claims Procedure Orders, all Creditors whose Claims are to be paid by the Monitor in accordance with Section 6.2 of the Plan are, conditional upon such payments being made, on their own behalf and on behalf of their respective present or former employees, agents, officers, directors, principals, spouses, dependents, heirs, attorneys, successors, assigns and legal representatives, permanently and forever barred, estopped, stayed and enjoined, on and after the date hereof, with respect to Claims, from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Railside Parties or any of them;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Railside Parties or any of them or the property of any of the Railside Parties;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever

against any person who makes a claim or might reasonably be expected to make such a claim, in any manner or forum, against one or more of the Railside Parties; and

- (d) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrances of any kind.

Stay Extension

24. The stay of proceedings granted pursuant to the Initial Order and subsequent Orders granted in these proceedings, is hereby extended in respect of RCI and Railside Industrial, up to and including January 31, 2013.

Termination of these Proceedings

25. The Initial Order shall have no further force or effect from and after 11:59 p.m. on last of the Plan Implementation Dates.

26. Without limiting the foregoing, all charges against RCI and Railside provided for in the Initial Order and any subsequent Order granted in these proceedings, including but not limited to the Administration Charge, the Directors' Charge and the DIP Charge, will be fully and finally terminated, discharged and released as of 11:59 p.m. on the last of the Plan Implementation Dates.

27. All liens, including all security registrations against RCI shall be fully discharged and extinguished on the last of the Plan Implementation Dates.

28. These CCAA proceedings are declared completed and the Stay Period (under the Initial Order, as extended) shall be terminated as of 11:59 p.m. on the last of the Plan Implementation Dates.

Further Advice and Direction

29. Notwithstanding the foregoing, RCI, Railside Industrial, the Monitor and any other interested party are hereby granted leave to apply to this Court for such further advice, direction or assistance as may be necessary or give effect to the terms of this Order.

Meeting of Shareholders Following Plan Implementation Dates

30. RCI shall, pursuant to the terms of the Plan, hold a meeting of shareholders within four months following the last of the Plan Implementation Dates, for the purpose of *inter alia* electing a board of directors.

General

31. RCI and Railside Industrial shall deliver by electronic mail to each party served with this notice of this application a copy of this Order.

32. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) a bankruptcy of RCI or Railside Industrial; and
- (c) the provisions of any federal or provincial statute,

none of the transactions contemplated by this Order will be void or voidable at the instance of creditors and claimants and do not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislations, and they do not constitute conduct meriting an oppression remedy and shall be binding on a trustee in bankruptcy in respect of RCI or Railside Industrial.